

AD-A194 023

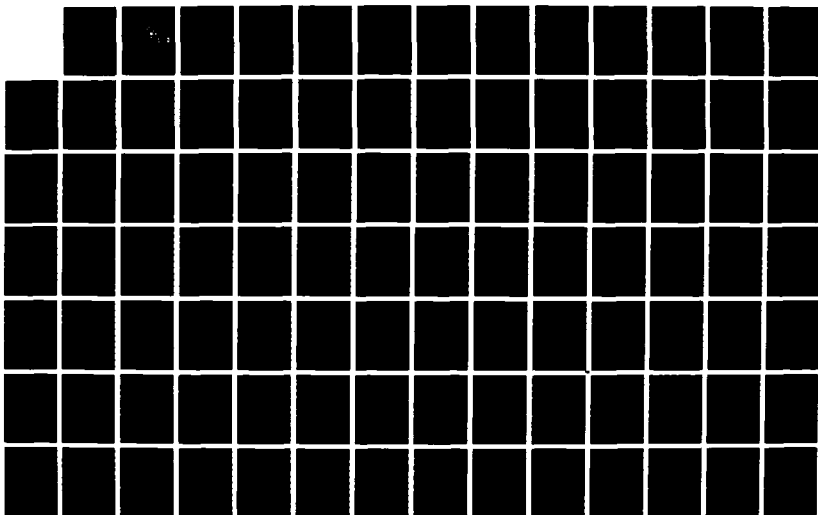
STATE LABOR CAPITAL: INSTITUTIONALIZING DEMOCRATIC
CLASS COMPROMISE IN THE SOUTHERN CONE(U) NAVAL
POSTGRADUATE SCHOOL MONTEREY CA P G BUCHANAN AUG 87
NP556-87-005

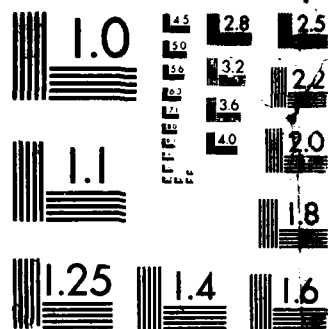
1/2

UNCLASSIFIED

F/G 5/4

NL





MICROCOPY RESOLUTION TEST CHART
NATIONAL BUREAU OF STANDARDS 1963-A

AD-A194 823

NAVAL POSTGRADUATE SCHOOL

Monterey, California



DTIC
ELECTE
JUN 07 1988
S H D

STATE, LABOR, CAPITAL: INSTITUTIONALIZING
DEMOCRATIC CLASS COMPROMISE IN THE
SOUTHERN CONE

PAUL G. BUCHANAN

AUGUST 1987

FINAL REPORT for Period October 1986 - 1987

Approved for public release; distribution unlimited.

Prepared for:
Chief of Naval Research
Arlington, VA 22217

NAVAL POSTGRADUATE SCHOOL
Monterey, California


Rear Admiral Robert C. Austin
Superintendent

K. T. Marshall
Acting Provost

The work reported herein was supported in part by the Foundation Research Program of the Naval Postgraduate School with funds provided by the Chief of Naval Research.


Reproduction of all or part of this report is authorized.

This report was prepared by:

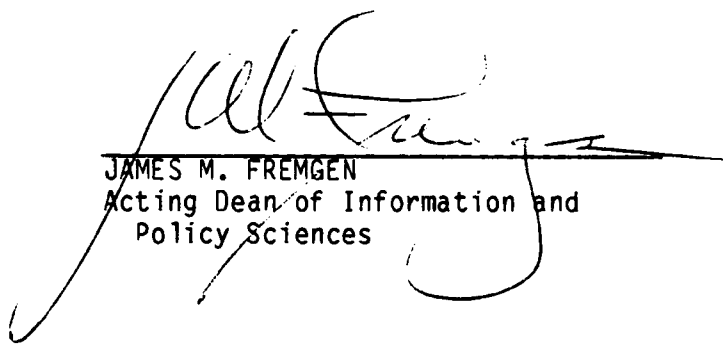


PAUL G. BUCHANAN
Assistant Professor

Reviewed by:



JAMES J. TRITTEN
Commander, U. S. Navy
Chairman
Department of National
Security Affairs



JAMES M. FREMGEN
Acting Dean of Information and
Policy Sciences

UNCLASSIFIED

SECURITY CLASSIFICATION OF THIS PAGE

REPORT DOCUMENTATION PAGE

1a REPORT SECURITY CLASSIFICATION UNCLASSIFIED			1b RESTRICTIVE MARKINGS		
2a SECURITY CLASSIFICATION AUTHORITY			3 DISTRIBUTION/AVAILABILITY OF REPORT APPROVED FOR PUBLIC RELEASE; DISTRIBUTION UNLIMITED		
2b DECLASSIFICATION/DOWNGRADING SCHEDULE			5 MONITORING ORGANIZATION REPORT NUMBER(S)		
3 PERFORMING ORGANIZATION REPORT NUMBER(S) NPS 56-87-005			7a NAME OF MONITORING ORGANIZATION		
6a NAME OF PERFORMING ORGANIZATION WESTERN HEMISPHERE AREA STUDIES		6b OFFICE SYMBOL (if applicable) 56	7b ADDRESS (City, State, and ZIP Code)		
6c ADDRESS (City, State, and ZIP Code) NAVAL POSTGRADUATE SCHOOL DEPARTMENT OF NATIONAL SECURITY AFFAIRS MONTEREY, CA 93943-5100			9 PROCUREMENT INSTRUMENT IDENTIFICATION NUMBER N0001487WR4E011		
8a NAME OF FUNDING/SPONSORING ORGANIZATION CHIEF OF NAVAL RESEARCH		8b OFFICE SYMBOL (if applicable)	10 SOURCE OF FUNDING NUMBERS		
8c ADDRESS (City, State, and ZIP Code) ARLINGTON, VA 22217			PROGRAM ELEMENT NO 61153N	PROJECT NO RR014-01	TASK NO 10P-040 WORK UNIT ACCESSION NO
11 TITLE (Include Security Classification) STATE, LABOR, CAPITAL: INSTITUTIONALIZING DEMOCRATIC CLASS COMPROMISE IN THE SOUTHERN CONE (UNCLASSIFIED)					
12 PERSONAL AUTHOR(S) ASSISTANT PROFESSOR PAUL G. BUCHANAN					
13a TYPE OF REPORT FINAL REPORT		13b TIME COVERED FROM OCT 86 TO APR 87		14 DATE OF REPORT (Year Month Day) AUGUST 1987	
15 PAGE COUNT 127					
16 SUPPLEMENTARY NOTATION Financial support for this project has been provided by the Naval Postgraduate School Research Foundation and the Fulbright Postdoctoral Research Program. Major (cont'd)					
COSATI CODES			18 SUBJECT TERMS (Continue on reverse if necessary and identify by block number)		
FIELD	GROUP	SUB-GROUP	LATIN AMERICA; CLASS COMPROMISE; ARGENTINA; SOUTH AMERICA; ORGANIZED LABOR; URUGUAY; DEMOCRACY; SOUTHERN CONE; BRAZIL		
19 ABSTRACT (Continue on reverse if necessary and identify by block number) Report offers an extended theoretical and methodological discussion of the collective action and processes by which labor is incorporated into the substantive phases of democratic regime consolidation in the Southern Cone of Latin America.					
20 DISTRIBUTION/AVAILABILITY OF ABSTRACT <input checked="" type="checkbox"/> UNCLASSIFIED/UNLIMITED <input type="checkbox"/> SAME AS RPT <input type="checkbox"/> DTIC USERS			21 ABSTRACT SECURITY CLASSIFICATION		
22a NAME OF RESPONSIBLE INDIVIDUAL JAMES J. TRITTEN, CHAIRMAN, NSA			22b TELEPHONE (Include Area Code) (408) 646-2521		22c OFFICE SYMBOL 56

16.

portions of the essay were written while the author was scholar-in-residence at the Center for the Study of Foreign Affairs, Foreign Service Institute, Department of State and Visiting Scholar at CEDES (Buenos Aires) and IUPERJ (Rio de Janeiro). It also benefitted from critiques received in the workshop on the Political Economy of Latin America directed by David Collier at the University of California, Berkeley. The opinions expressed here in are solely those the author, and do not represent the views of any U.S. Government Agency.



Accession For	
NTIS GRA&I	<input checked="" type="checkbox"/>
DTIC TAB	<input type="checkbox"/>
Unannounced	<input type="checkbox"/>
Justification	
By	
Distribution/	
Availability Codes	
Dist	Avail and/or Special
A-1	

STATE, LABOR, CAPITAL: INSTITUTIONALIZING DEMOCRATIC CLASS COMPROMISE IN THE SOUTHERN CONE

Introduction

Recent transitions to democracy in Argentina, Brazil, and Uruguay provide a unique opportunity to examine on a cross-national basis similar processes of re-democratization located within the same regional and temporal contexts. Though the specifics of each case vary, all three countries witnessed transitions from military-bureaucratic authoritarian to democratic regimes, and in all three opposition parties emerged victorious in the electoral competition that preceeded the installation of the new regimes. Furthermore, in each case organized labor played a central role in the transition process, as it comprised the core of a highly mobilized (and previously disenfranchised) mass political movement that in turn represented a significant portion of the electorate. In light of these events, this paper proposes a theoretical and methodological framework for examining the structure, role, and strategies of the branch of the state responsible for managing the demands and interests of the organized labor movement under the new democratic regimes of the Southern Cone. As I shall explain in detail below, the reason for this stems from the fact that, as the primary institutional framework in which the structural bases for democratic class compromise between the organized working classes and competing socioeconomic groups are promoted, national labor administration constitutes a crucial actor in the re-democratization process in each of these countries.

The democratic resurgence in the Southern Cone has already prompted a spate of work detailing the differences and similarities of each case, particularly the conditions and motives for the re-opening of the political arena, and the terms and character of the ensuing political competition.¹ Much less work, however, has been devoted to analyzing the institutional frameworks used to promote the class compromise necessary for the maintenance

of these nascent democratic systems. Hence, while there are several studies that examine the frameworks erected within the Argentine, Brazilian, and Uruguayan states by the previous military-bureaucratic regimes to establish and maintain their political domination,² little attention has been devoted to studying the institutional frameworks promoted within the national state apparatus by their freely elected successors in order to establish the structural bases for class compromise and cooperation deemed necessary for the maintenance of democracies.³

In order to understand why this is so, we must refine our notion of democracy so that it accounts for the various levels at which it is manifest. This allows us to distinguish between procedural (also known as formal) and substantive democracy. Procedural democracy refers to an instrumental view that emphasizes formal party competition and open, competitive elections as the hallmarks of democratic systems. Substantive democracy refers to the three levels involved in reproducing democratic structures and relationships throughout a polity. At an institutional level, it is reflected in the general organization and specific structure and functions of the state apparatus, in the emergence of an ideologically diverse array of competitive -- and legally equal -- political parties (which may or may not have a class basis), and in the organization and behavior of the collective agents that emerge to defend and represent the interests of a variety of social groups (the notions of pluralism and polyarchy usually apply here). The normative bias of democratically elected government in favor of legal equality regardless of socioeconomic or political differences (a condition they must agree to in order to assume office) grants equal institutional access to the state, and what is more important, guarantees equal and impartial treatment by it. In other words, political inclusiveness is guaranteed by substantive

arrangements at the institutional level. It is this combination of procedural rules and institutional arrangements that have generally been characterized as constituting a democratic regime, i.e. this is political democracy, properly conceived (more on this later).

The difficulties inherent in attempting to achieve this type of institutional arrangement are often due to a failure to promote democratic rules and values at a societal level. At a societal level, the substantive process of democratization involves the inculcation throughout society of basic notions of consent, compromise, concession, collective interest, solidarity and legitimate exchange. This promotes a high degree of participation, social tolerance, and adherence to the ethical and procedural norms and representative institutional channels that constitute the basic rules and framework of the democratic political "game". That in turn allows for the organized expansion of civil society and the growth of its free expression when addressing political authorities. More generally, it is these societal traits that underwrite what is commonly referred to as democratic, as opposed to authoritarian political culture.

Finally (and usually the most difficult to define and achieve), substantive democracy is manifest at the economic level. It involves a general agreement within society which favors political guarantees for the maintenance of minimum living standards that provide for basic physical and social needs, as well as ensure just recompensation for individual productive activity (for example, through welfare legislation and minimum wage standards). Though it is obvious that there is considerable variation on this theme, and that the specific policy approaches used are subject to adjustment and differ from country to country and government to government (such as the use of Keynesian, "trickle-down", or socialist economic strategies), it

remains clear that this is a fundamental substantive pillar of mature democratic systems. In fact, the degree to which a society has moved towards the full achievement of procedural and substantive democracy at all of its levels (by among other things valuing procedural democracy intrinsically, as a non-negotiable "authoritative good," rather than as a facade, instrument, or ritual) helps us distinguish between inclusionary, exclusionary, limited, liberal, and radical democratic political systems.⁴

There is, in effect, two broad levels of action involved in any process of genuine democratization. One level of action encompasses the realm of political-institutional conflict, and the other covers the terrain of society.⁵ According to Nun, these levels of action correspond to "governed democracy" (representative institutions) and "governing democracy" (popular democracy).⁶ What is essential for us to consider is that progress in achieving each level can proceed simultaneously or sequentially in either direction, and that rather than completely distinct spheres, there is considerable overlap between the two. This overlap is most evident in the area of substantive institutional democratization, where both the state and organized segments of civil society undergo changes (again, either sequentially or simultaneously) which promote the consolidation of democratic rules and practices in both of them. Ultimately, both levels of action are complementary and mutually reinforcing: political-institutional democratization without societal democratization is form without (social) substance, while societal democratization without political-institutional democratization lacks representative channels through which to exercise political voice. The area of overlap between the two levels of action -- substantive institutional democratization -- is of crucial importance in

any process of democratic consolidation, for it is here where the expanded range of demands voiced by civil society are condensed and equitably mediated.

It is the expansion of civil society, the complexity of its free expression, and the necessity to arbitrate the claims of competing social groups while providing minimum economic and welfare standards that creates the need for democratic state autonomy. Rather than the instrument by which authoritarian regimes direct a coercive political and economic monologue towards subordinate groups, the democratic state promotes a congenial political environment that allows individuals to express, through their various collective agents, "horizontal" voices previously unheard. Coupled with a substantive democratic groundswell at the societal level (again, marked by a high degree of tolerance, adherence to procedural norms, and use of institutional channels), dominant and subordinate groups can thereby engage in a broad based -- if not egalitarian -- "vertical" dialogue that defines the precise degree of consent, concessions, compromise, and exchange involved in the relationship between democratic representatives and their constituents (in contrast to the absence of these traits in the relationship between rulers and ruled under authoritarian regimes).⁷ This dialogue defines the institutional space in which the democratic state mediates the demands of competing groups while protecting the basic interests of all. It is the expanded ability to neutrally "hear" the demands of many social groups that broadens the range of democratic state activity, as well as increase the ability of all political actors to learn from their interaction a better appreciation of democratic values and norms.

Procedural democracy, despite the obvious limitations it carries, often opens the door to more substantive types of democratic change. This can be considered a top-down process of re-democratization, in which adherence to

procedure clears the way for the institutionalization of democratic structures that in turn promote the absorption of democratic values and rules throughout society. In many cases, this form of re-democratization is the designated, if not natural successor of authoritarian regimes that underwent a process of liberalization leading to a political opening. Liberalization refers to the internal dynamic that prompts authoritarian regimes to relinquish political authority. It is characterized by a gradual "softening" of authoritarian rule, most evident in the relaxation of legal and political restrictions, the diminishing of state coercion, the extension of legal and procedural guarantees of basic rights, and the opening of channels of communication, both individual and organizational, with previously excluded sectors of civil society.

Liberalization can be the result of economic and political success or failure (or, as in the case of Brazil, quick economic and political success followed by economic and political failure), as well as a diminished sense of threat on the part of regime elites (most often due to the eradication of subversion and general success in achieving domestic order).

(Re)democratization refers to the response of civil society to this or any other form of authoritarian demise, most evident in the (re)establishing of collective identities, the horizontal expansion of social networks represented by organized agents, and in the growing level of social expression in all its guises. As such, this "resurrection of civil society" (to use O'Donnell's phrase) is very much an external dynamic that serves as an accelerant to authoritarian liberalization. The regime that governed Brazil from 1964 until 1985 provides an excellent study in liberalization leading to redemocratization. Having achieved its primary objectives of economic growth and subversive eradication by 1973, the Brazilian military-bureaucratic regime embarked on a period of liberalization that involved a gradual

political distension (distensao) and decompression (descompressao), followed by an incremental political opening (abertura) based on the piece-meal granting of procedural concessions.

It was only after this announced process of liberalization was well underway (approximately in 1979), that civil society began to react and attempt to accelerate the pace of abertura, which itself quickened as a consequence of the period of economic recession that began 1980-81. Evidenced most strongly in the emergence, growth, and interaction of various collective agents (especially the comunidades ecclesiais de base, or Catholic base communities), trade unions (such as the Metalworkers in Sao Paulo), special interest groups (students, feminists, and environmentalists, in particular), and non-official (i.e. legally unrecognized) political parties (such as the Partido dos Trabalhadores, or PT), these external agents promoted a societal dynamic tht hastened the move towards redemocratization. While the interplay between internal (regime) and external (societal) dynamics made the process extremely fluid, and resulted in a series of stops and starts tied to reversals in strategy, legal maneuvers, and changes in direction on the part of both sides and fractions thereof, it is clear that the external response to regime liberalization represented growing societal rejection of the authoritarian status quo that hastened the return of (as of yet procedural) democracy in Brazil. Even so, it is equally apparent that the process was initiated and largely controlled from the top down, that is, by the outgoing regime. Hence, this type of transition to procedural democracy can be envisioned as a fluid political bargain between the authoritarian regime and opposition forces in civil society in which the former holds the dominant position up until the formal transfer of power.⁸

This form of re-democratization can be contrasted with a bottom-up process in which, before the authoritarian regime is formally committed to a

transition, civil society mobilizes and expands the range of its demands while moving to secure a voice in the political decision-making process. Broadly evident in the altered tenor of inter-personal discourse,⁹ it is politically manifested in the re-forging of collective identities and in the formal posing (after a period of enforced silence) of a broad range of group demands and interests against those of competing groups when addressing the principal repository of political power: the state. Here the dominant position in the political bargain struck by civil society and the outgoing authoritarian regime is held by the external opposition, not the regime. This form of re-democratization is more likely to germinate in the political vacuum created by authoritarian collapse or (to a lesser degree) from a process of voluntary authoritarian withdrawal without liberalization. A classic recipe for authoritarian collapse is the convergence of internal and external pressures (such as severe economic crisis compounded by a crisis of executive succession--the "Achilles Heel" of bureaucrate authoritarian regimes mentioned by O'Donnell--leading to involvement in foreign adventure which results in defeat in war), as the Argentine "Proceso de Reorganizacion Nacional" painfully discovered in 1982. Similarly, the overwhelmingly negative appraisal of its rule given during the constitutional plebescite staged in 1980 forced the Uruguayan military-bureaucratic regime to schedule a timetable for prompt democratic elections without first transiting through a gradual period of liberalization. Though somewhat more controlled than the process resulting from authoritarian collapse, such a quick transition to procedural democracy nonetheless provides an excellent environment for the rapid generation of a substantive democratic groundswell within civil society.

It is worth noting that in all three countries much of the substantive move towards the consolidation of democracy is occurring after the procedural

transfer of political power was achieved. In the Brazilian case of liberalization leading to political opening and procedural democracy, this is due to the nature and continued strength of key actors in the previous regime (particularly the armed forces), which allowed them to exercise a dominant position throughout the period of transition and well into the current phase of consolidation. In the case of the Argentine authoritarian collapse and the Uruguayan voluntary withdrawal without liberalization, this was due to the fact that the outpouring of public sentiment in favor of a democratic transition left little time for the full establishment of democratic institutions prior to the formal transfer of power (beyond the resurrection of political parties and interest groups, plus a general relaxation of constraints on expression and political activity).¹⁰ Per ende, the primary task of the new democratic authorities in each case is to promote the substantive institutional bases required for democratic consolidation. The centrality of this "institutionalizing" phase stems from the following.

Whatever the exact direction in which the process of democratization occurs, a fundamental issue to be addressed is that of overcoming negative authoritarian legacies. More than just a bad memory, displaced authoritarian regimes leave structural obstacles which present formidable challenges to the process of substantive democratic consolidation. Beyond the persistence of non-democratic groups which actively or passively conspire against the democratic process,¹¹ these range from institutional vestiges in the form of the organization of the state apparatus and bureaucratic procedures (which tend to be highly unresponsive, discretionary, and/or arbitrary, if not sclerotic), to the modes of interaction and behavioral patterns governing collective interests, political parties, and interpersonal relations. For example, once the procedural transition to a democratic regime has occurred, it is often very difficult to convince the citizenry (both

inside and outside the political arena) that the state now embodies and defends the national interest, rather than merely those of dominant social groups (in other words, that its instrumental nature has changed fundamentally along with the transition). Likewise, democratic government often continues to be viewed -- by incumbents and non-incumbents alike -- as merely the domain of victorious political elites, rather than as the legitimate representatives of the entire society (politically organized as the new democratic regime). Similarly, bureaucracy and political parties often remain the subjects of their own particularistic or partisan designs, rather than as the responsive vehicles of a broad constellation of social interests. Finally, zero-sum and maximalist attitudes and strategies often perdure and continue to dominate social group and interpersonal discourse, making compromise and cooperation at a variety of levels difficult, if not impossible.

These obstacles are especially burdensome in countries in which authoritarianism, at all of its levels of expression, has been the historical norm. In contrast with countries having a tradition of democratic rule preceeding the authoritarian episode, which can refer to that past experience as they go about restoring a democratic ethos at a societal level along with the procedural transition to a democratic regime, countries with long authoritarian histories have little or no prior experience with substantive democracy to which to hark back to. Thus, while Uruguay and possible Chile in the future might serve as cases of the former, countries such as Argentina and Brazil are confronted by authoritarianism as a deeply rooted historical-cultural tradition. There is little or no democratic ethos at the societal level to which they can return. This implies that in such cases regime change itself does not guarantee the substitution of an authoritarian societal ethos with a democratic ethos, and may at best be just a preliminary

step towards the original achievement of the latter. Needless to say, this complicates the task of democratic consolidation, since it goes beyond removing the immediate authoritarian vestiges.

The impact of authoritarian legacies is acutely felt in the state apparatus and in the representation of sectoral interests, particularly in their relationship with each other. This is seen during the immediate post-authoritarian context, where stripped of its resort to force, "in its interventions with respect to interests of unlikely conciliation and problems and conflicts that are difficult to settle, the state lacks effective patterns and capabilities for perceiving, evaluating, and solving the principal questions of society and politics. The characteristics of the social transmitters and the receptor state contribute to this deficit. . . Information on the needs, demands, problems, and conflicts of classes, groups, institutions, and systems is given in a deformed manner by an opaque and contradictory society by means of distorting mediatory circumstances. . ." The result is "enigmatic or ambiguous messages that are difficult to decipher."¹² It is therefore the clearing away of such authoritarian imposed "static" and the clarification of institutional transmission channels for social group interests both before and within the state that become a central dilemma in the process of democratic consolidation.

All of these authoritarian "leftovers" -- non-democratic enclaves, institutional features, modes of interaction, and social attitudes -- mitigate against the consolidation of substantive democracy, albeit to different degrees based on previous historical experience. In all cases, though, there is an additional negative element involved in these processes. Whatever the pretensions of individual capitalist authoritarian regimes, in Latin America their tenure has most clearly been marked by the decomposition,

elimination, or "freezing" of democratic institutions and practices (where they existed), rather than in the systematic creation of enduring substitutes. Hence, given the pre-existing levels of political and social closure, in many cases the process of (re)democratization is little more than a return to a rigidly formulaic procedural exchange based on a "sanitized" version of the status quo ante, with the possible addition of new actors which emerged during the ensuing historical juncture. This is most evident in "top-down" processes of liberalization leading to procedural democratization, as the Brazilian case would suggest. Hence, we can envision such scenarios as not so much processes of redemocratization but as procedural restorations and/or the continuations of established cycles.¹³ In either case, be it as the result of the cumulative weight of authoritarian legacies or the absence of genuinely democratic alternatives (or a combination of both), the process of democratic consolidation at the substantive level remains problematic. In effect, while democracy may be "liberated" by the procedural transition, its full achievement often remains fundamentally "blocked" by the legacies inherited from the previous authoritarian regime.¹⁴

For this reason, the move towards substantive democracy involves a two-phase transformation at the institutional level. One side involves a purgative phase in which the authoritarian vestiges are removed from institutional life. Another side involves a constructive phase in which democratic structures are promoted and placed in their stead. This is designed to open an institutional space in which democratic attitudes and modes of interaction can be promoted throughout society.

What this implies is that top down or bottom up, a central step towards the achievement of substantive democracy involves the institutionalization of democratic regimes. The creation of democratic structures, as we have seen,

occurs at the levels of both state and civil society. This is most obviously promoted via the procedural autonomy granted the state apparatus, and in the legal equality granted political parties and the collective agents of differently endowed social groups when addressing their specific demands and ongoing interests before other groups and the state. It is this institutional foundation upon which are built the structural bases of democratic class compromise in capitalist societies. It should be noted that we are speaking here of a "vertical" compromise between socioeconomic groups represented by collective agents that also involves the state (either as a partner or mediator), as opposed to a "horizontal" compromise between political elites and/or dominate social groups. Though it is clear that the latter may be necessary for the process of transition, it is equally clear that the former is essential for democratic consolidation, hence the need for institutional foundations.

Even so, in countries where the democratic rules of the game are well entrenched, or in which the class lines are unclearly drawn or overlapped, the terms of the compromise may be more implicit, rather than explicit. Consecrated in popular folklore and political myth, the strength and longevity of the class compromise may eventually allow it to recede in the public memory, as well as permit the elevation of general elections to the status of political ritual (witness the United States). This stems from a generalized consensus that regardless of the specific outcome of an election (which is merely a formulaic procedure that guarantees regularized, institutional uncertainty based on a specific range of indeterminate outcomes), democratic values and rules will continue to be upheld throughout society.

In capitalist countries lacking in democratic culture or in which class lines are clearly demarcated, the terms of democratic class compromise may of necessity be made quite explicit, and are codified in a series of laws and

other institutional measures enforced by the legally autonomous state (such as in Portugal, Spain, and Greece). The fluid nature of economic and social factors in turn forces regular re-negotiation of the terms. This requires a specific organization of the state so that it provides an institutional forum in which the structural bases of class compromise can be adjusted via regular re-negotiation. The recent authoritarian experiments and clear drawing of class lines witnessed in the newly democratic nations of the Southern Cone therefore make it highly probable that it will be this type of framework that will be employed during each "institutionalizing" phase.

We shall now proceed to discuss in further detail the notion of democratic class compromise as requiring structural bases for its reproduction. For the moment dwell on the fact that, whatever its initial phase, the full achievement of democracy requires substantive change at the institutional level, since it is at this level where the political, legal, and organizational guarantees underlieing societal and economic democracy are formulated and enforced. Phrased differently, establishing institutional means for the achievement of the structural bases of class compromise is crucial for the consolidation of democratic regimes, as it provides a tangible foundation upon which the move towards a full achievement of substantive democracy is guaranteed.

II. Class Compromise and the State.

To specify further, in capitalist societies the democratic state acts as an institutional mediator and provides the organizational framework in which the structural bases of class compromise are negotiated and formally agreed upon. This occurs despite the fact that the state in capitalist societies is itself structurally dependent on capital (a point discussed in detail further ahead).¹⁵ However, as Gramsci and a legion of his followers have argued, the

critical role of the democratic capitalist state lies in its ability to promote the superstructural conditions for the reproduction of capitalism qua hegemonic system. This requires that "account be taken of the interests and tendencies of the groups over which hegemony is to be exercised, and that a certain balance or compromise be formed -- in other words, that the leading groups should make sacrifices of an economic-corporative kind."¹⁶ At a minimum, it implies recognition of the legitimacy of subordinate group (in this case working class) interests, and the incorporation of their collective agents in the political and economic decision-making processes. This makes the state the primary vehicle for achieving and reproducing hegemony. Hence, the Gramscian concept of hegemony

"focused on the capitalist state as distinct from the capitalist class." The political class consciousness of capitalists manifests itself through a hegemonic system in which the 'dominant group is coordinated concretely with the general interests of the subordinate groups' As important as material conditions are as a basis for hegemony, political and ideological conditions are even more important. The hegemonic system is political in that it uses the state apparatus as its central organ. Political class consciousness is the basic underpinning of the hegemonic system, and it coexists with the corporate economic interest that propels the economic machine of the capitalist system"¹⁷

It is the state which "concretely coordinates" the interests of dominant and subordinate groups in democratic capitalist societies. In this role it is the primary mechanism regulating the exchange of labor consent to private ownership of the means of production (and continued exploitation) in return for political and economic concessions in the form of democratic capitalism. Most importantly, it is the structural dependence of society and the state on capital that broaches the possibility of class compromise between organized labor and capitalists, since all social actors ultimately depend upon the logic of capital accumulation and private investment decisions for the achievement of material interests and other related sectoral benefits.

The core of the compromise, as Przeworski and Wallerstein have shown, rests on establishing a mutually acceptable -- and hence preferred, if not optimal -- rate of (re) investment out of profit. Maintained at a rate that guarantees yearly increases in productivity, this agreement ensures that the material standards of living of both workers and employers increase over time.¹⁸ In order to guarantee this optimal rate of (re) investment, regardless of short-term fluctuations in profit, the democratic state offers a series of legal and material inducements and constraints that are designed to ensure compliance on both sides.¹⁹ In this fashion the state fulfills its role as guarantor of systems maintenance and agent of hegemonic reproduction.

On the one hand, such measures include rates of interest and exchange, tax on profits and/or capitalist consumption, investment tax credits and low-interest loans, depreciation allowances, differential taxation of capital gains, lower import and export duties for raw materials and finished goods respectively, surcharges, fines, plus other incentives and disincentives that help spur employer's interest in pursuing high rates of saving out of profit, which is essential for establishing and upholding the terms of the compromise. Similarly, state-provided public goods and services such as cost of living allowances, social security and other welfare benefits, low-interest mortgage rates and/or public housing, ceilings on public transportation rates, medical and other forms of guaranteed leave programs, guarantees on jobs security, pension plans, etc., and more generally, certain basic rights of association and monopoly of representation awarded their collective representatives, all of which are designed to mitigate wage militancy and promote wage restraint, do the same for workers. With regard to the latter, this institutional network includes agencies of the state charged with formulating and implementing "policies relating to wages, industrial relations, labor

disputes, social security, promotion of equal rights, occupational safety and health, protection of migrant workers, conditions of work, participation in the process of economic and social planning, inflation, vocational training, productivity, and protection of the environment."²⁰

The broader institutional network underpinning democratic class compromise is especially evident in the provision of certain basic public goods such as public health, social security, and welfare services. In fact, the provision of social security benefits has been one area in Latin America where the impact of regime type and individual regime approaches towards organized labor has been particularly evident, and as such now constitutes a primary institutional conditioner of the possibilities of class compromise in the new democracies of the Southern Cone. As Malloy and Rosenberg point out,

"direct citizen participation has never been an issue or real possibility in the area of social security policy in Latin America. The issue has been one of 'representation' of 'classes' or 'groups' of interests, defined vocationally, before the state by organizations officially empowered (by recognition) to articulate such interests. . . . Coverage as a rule was not extended to citizens as such or to broad classes of citizens; rather, wage and salary earners were divided (fragmented) into discrete occupational groupings for purposes of social security coverage . . . Social security coverage in general evolved on a piecemeal, group-by-group basis . . . By and large, the quality of coverage was positively correlated with the sequence of coverage. Both the sequence and quality of coverage were determined by the power of groups to pose a threat to the existing sociopolitical systems and the administrative logic of the contractual type of social insurance schemes developed within the region . . . The upshot was the incremental evolution of social security systems that were both highly fragmented and unequally stratified in terms of the quality of programs . . . These structures, which were often part of a general corporatist approach to labor relations, reflected the goal of established elites to undercut the emergence of a broad class-conscious movement of workers."²¹

In many instances, the extension of social security coverage was part of the initial period of union incorporation into the national political "game." (a

subject we shall return to later), and involved union control over state and employer-financed medical and pension programs, such as the "Obras Sociales" in postwar Argentina. In turn, the large amount of resources made available to unions through such schemes allowed them to consolidate their organizational bases and thereby reaffirm their newly-recognized positions as major political actors. Along with more vulgar mechanisms such as graft and corruption, this provided union leaders with an important institutional niche from which to project political leverage that often extended far beyond their constituent bases or strategic location in the productive apparatus. Given this background, the institutional approaches towards social security coverage for organized labor adopted by the democratic regimes in Argentina, Brazil, and Uruguay will play a large role in determining whether a democratic class compromise can be achieved in each of them. In particular, it is the specific measures provided by the state in the area of social security coverage for organized labor that comprise a major part of the broader institutional framework within which the structural bases of a democratic class compromise are to be established in each.

Another, very different policy area that is an important part of this process is public employment policy. In Latin America, public employment has historically been used to absorb surplus labor, and/or as a mechanism of reward or punishment for the working classes (depending on whether it is used as an incentive, disincentive, inducement, or constraint). More generally, in Europe full employment policies have often been enacted in exchange for wage restraint on the part of organized labor, especially in times of high inflation or generalized economic crisis. Hence, since state enterprises and centralized administrative agencies contain a significant percentage of the work force in the Southern Cone, and since a majority of that work force is

organized at a variety of levels, it is clear that public employment policy will be an important element in the move towards democratic consolidation. This is especially true when we consider the constraining parameters imposed upon public employment as a result of public sector rationalization and privatization programs required by debt repayment schedules in all three countries.

In fact, the traditionally wide range of state activities in Latin America make a number of policy areas relevant to the democratic consolidation processes underway in the Southern Cone (and elsewhere). These include direct state investment and support for private investment, maintenance of employment, income, and consumption levels, public financing of production via the devaluing of social capital and the socialization of risks and losses, and compensatory or developmental strategies that are designed to overcome contextual and structural obstacles of the economic, political, and social type, as well as the usual range of public goods and services provided by the state apparatus.²²

In any event, with the democratic state offering a judicious mixture of inducements and constraints over such a broad range of policy areas, and with it often acting as a mediator in negotiations over more narrowly-focused wage versus investment questions, employers and workers are free to negotiate on a yearly basis the optimal rate of (re) investment that will promote the productivity increases that ensure that both wages and profits continue to rise. In this fashion both sides have, on the basis of rational calculations of self-interest, reason to abide by the terms of the compromise.

The essence of the democratic class compromise envisioned here operates as follows: through their collective representatives, capitalists (employers) agree to the establishment of democratic institutions (e.g. collective

bargaining, etc.) through which workers, represented by their respective collective agents, press claims for material gains in exchange for their acceptance of the institution of profit. Both sides follow the logic that capital accumulation leads to the expansion of production, increased consumption, further investment, and eventual material gains for all social groups. It is this logic which posits the economic conditions for long-term political stability in democratic capitalist societies. Democratic institutions--and particularly the democratic state--serve as arbiters and mediators of the class compromise based upon this logic. In other words, these institutions reproduce the economic and political exchange required for systems maintenance.

In effect, as a political system capitalist democracy represents a class compromise (however implicit or ritualized) in which the right to private ownership of the means of production (capital stock) is exchanged for the right to participate in the process of political and (to a lesser extent) economic decision-making and rewards.²³ The contradictions inherent in this exchange promote a specific type of socio-political dynamic that forces the creation of ameliorative institutional vehicles which guarantee systemic reproduction, and hence are what give distinctive character and prominence to the democratic capitalist state as the ultimate mediation and enforcement mechanism.

Even so, questions could be raised as to why organized labor should consent to this type of exchange rather than adopt more militant (i.e. revolutionary) strategies which are oriented towards restructuring the socioeconomic and political parameters of society. Beyond issues of cooptation, class consciousness, distorted interest perception, and organizational unity (which will be discussed later), the main reason organized

labor does not adopt militant strategies under democratic capitalism is one of rationally calculated appraisals of the risks and costs involved.²⁴ For organized labor, the prohibitive risks involved in adopting revolutionary (as preferred choice) or economically militant strategies under democratic capitalism force it to shift attention towards securing greater levels of participation via pragmatic choice or "moderately militant" strategies in the political and economic spheres (both in terms of control over universally binding political decisions and in the distribution of material benefits). This pragmatic or reformist posture is due to the fact that organized labor cannot be certain, even in the event that socialism is a more efficient allocator or societal resources (something that is as of yet empirically debatable), that it will emerge victorious from the inevitably violent conflict it will have to engage with capital in order to gain control over both the state (as the instrument of political control and reproduction) and the means of production. In fact, with the comparative resources available to capital, which includes the coercive powers of the state and even the assistance of other actors such as foreign governments, it is more likely that organized labor will not emerge victorious from such a conflict. Thus, the worst-case scenario is more probable, and the working classes will in the long run lose both economically and politically for having followed a militant strategy: economically, in the sense that their material welfare will certainly not improve (which was the ostensible reason for adopting a militant strategy in the first place), and will probably diminish for both punitive and economic reasons in the conflictual aftermath; and politically, in that their level of participation will most likely be severely curtailed relative to the pre-conflictual democratic period (i.e. they will be subjected to authoritarian exclusion). The history of the Southern Cone in the 1960's and

1970's -- Chile in particular -- can serve as a point of reference in this regard.

What organized labor can be certain of is that during the period of conflict, that is, over the short-term, its material welfare will diminish appreciably as a result of social strife and the paralyzation of production (with the issue of political participation rendered moot for the duration). Here again, capital is better equipped to face the hardships involved, which adds the risk of rank and file demoralization and defection to labor's short-term concerns. In fact, prohibitive costs stop labor militancy long before the move towards revolutionary strategies; economic militancy which would threaten the rate of investment is also disavowed, because it entails a short-to-medium term drop in workers material standards of living compared to what can be achieved by moderating wage demands in exchange for continued capitalist accumulation. Hence, however phrased, strategies of labor militancy involve moving through a short-term scenario known as the "valley of transition" where material standards drop, to which can be added, again, highly uncertain and probably negative outcomes.

Given the limited chances of success, uncertain benefits to be reaped, and the certain costs to be incurred in adopting militant strategies, rational calculations of material self-interest dictate that, under democratic capitalism, organized labor adopt second-best, non-revolutionary strategies of class compromise which attempt to improve its position at both the economic and political levels. In effect, "institutionalization of capital-labor relations coupled with a low degree of economic militancy is the best situation workers can obtain under capitalism. Workers are better off moderating their wage demands in exchange for a higher rate of saving and a higher rate of certainty rather than intensifying their demands and facing a

a fall of investment."²⁵ This leaves plenty of room for adopting strategies which are oriented towards securing the maximum political and economic gains allowable under democratic capitalism (which are not inconsequential). If nothing else, a broader perspective indicates that this opens the door to the possibility of a gradual and peaceful transition to democratic socialism. More immediately, it is clear that capitalist democracy is preferable to authoritarian capitalism, that is, capitalism in its most transparent political guise. This is all the more obvious in the cases studied here, which have all recently emerged from precisely the latter situation. Coupled with the risks associated with adopting militant strategies mentioned above, this seems to indicate that for the labor movements of the Southern Cone capitalist democracy is a very attractive second best choice, if not the "best possible political shell."²⁶

It should be noted that in post-authoritarian situations such as those of the Southern Cone, a formalized democratic class compromise may be a concession that capital does not have to make. That is because the fear (if not certain knowledge) of an authoritarian regression in the event of economic or political instability severely constrains the boundaries of labor action while simultaneously leaving those available to capital comparatively open. After all, any authoritarian regression would be pro-capital. Thus capitalists may not see the need for a formal compromise with labor, and can instead opt to pressure the new democratic government to support a project of (most often national) bourgeoisie reassertion while labor is de facto prevented from exercising all of its erstwhile options. The maintenance of authoritarian labor legislation in both Argentina and Brazil well after the democratic regimes were installed can be viewed in this light, as can the imposition by decree of austerity programs and anti-inflationary measures that

have a disproportionately adverse impact on working class standards of living. The basic point, though, is that it is institutional mechanisms that will condition the role organized labor will play in the process of democratic consolation, since it is through these mechanisms that labor's possible range of choice, and consequent strategies of action, are structured.

The issue for labor is therefore one of choosing the best strategies for improving its material and political welfare given the particular post-authoritarian, procedurally democratic capitalist "situation" it finds itself in. The literature on European capitalism suggests the utility of societal or neo-corporatist (as opposed to state corporatist) frameworks for establishing institutional parameters which promote a range of choice conducive to achieving the structural bases of class compromise.²⁷ However, when it comes to strategies and issues of choice the subject is a little more complicated than most of the European literature would seem to suggest.

Adam Przeworski has suggested a typology of choice for capital and labor in capitalist democracies based on A) the orientation of the democratic government (i.e. procedural incumbents); and B) the type of labor relations systems (i.e. institutional framework) operative.²⁸ While conceding the structural dependence of the state on capital, this heuristic model distinguishes between two types of democratic government: overtly pro-capital (which presumably is conservative) and nominally pro-labor (which presumably is liberal). Examples of the former would include governments controlled by Republicans, Conservatives, or Christian Democrats, and include the Reagan administration in the U.S., the Thatcher government in England, and the Kohl government in West Germany. Examples of the latter might be governments controlled by Socialist, Social Democrat, or Labor Parties, cases of which include the Swedish government, the Gonzalez government in Spain, the

Papandreou government in Greece, and the original Mitterand government in France. In any case, the point of these illustrations is not so much to give each government a precise label as it is to establish general variations between and among democratic capitalist governments that are reflected in differences in policy orientation which influence sectoral preferences regarding the labor relations system.

Given these differences, and with regards to the labor relations systems, Przeworski envisions three possible frameworks: competitive (in which labor is unorganized and workers bargain and sell their labor services as individuals); pluralist (in which labor is pluralistically organized, and therefore represented by more than one collective agent in each economic sector) and corporatist, (in which labor is organized in monopolistic fashion, and is represented by one nationally-aggregated collective agent). Based on the assumed preferences of labor (left) and capital (right) based on rational calculations of material self-interest, the following matrix of choice is presented:

		Government	
		<u>Pro-Labor</u>	<u>Pro-Capital</u>
Labor Relations System	competition	1,6	6,1
	pluralism	1,6	5,3
	corporatism	1,6	4,2

where 1 = most preferred choice and 6 = least preferred choice.

What is interesting to note is that while labor and capital preferences are uniform under pro-labor governments (since government will further reformist labor interests regardless of institutional framework), under pro-capital governments corporatism is preferred by both labor and capital over pluralism. That is to say, both sides prefer the binding qualities of

monopolistic representation over the pluralist representation of sectoral interests. This would seem to suggest that if the main economic objective of democratic capitalist regimes (regardless of the particular orientation of specific governments) is to reproduce capitalism, corporatist systems of interest group representation are mutually preferable alternatives, and thus offer common institutional ground on which labor and capital can negotiate the specific terms of a class compromise. Given the state corporatist nature of most Latin American labor relations systems, (including two of the three cases studied here) this would appear to indicate that, mutatis mutandis, the possibility of compromise institutionally exists.

However, we might envision an additional scenario in which the government is objectively neutral, and strives to play the role of mediator without an overt orientation towards either side. This adds to the choices available to each side, and therefore complicates the matrix, to say nothing of alternative strategies of action. It is very possible that this is the position occupied by the new Latin American democracies which have emerged from authoritarian capitalist situations in climates of severe economic crisis. They cannot move too far towards the pro-labor position because of the fiscal constraints imposed upon them and the fear of authoritarian regression, and yet they have to humanize the national capitalist system relative to the preceeding authoritarian period. Thus, no matter what their subjective preferences (which can be assumed to be pro-capital), the objective condition of these governments is one of procedural neutrality. This is particularly so when we consider that in all three cases there are various contending factions of capital involved in the equation, each with a preferred (and often opposed) range of policy choices. Hence, in this instance the question of sectoral preferences becomes more complicated, which adds weight to comparative

considerations of the strategies adopted by the other actors and more importantly, to the institutional mechanisms that frame the range(s) of choice which influence strategic interaction. Nonetheless, using the same ranking of preference as before, one scenario could be the following:

Neutral Government

Competition	6,1
Pluralism	4,4
Corporatism	1,2

If we aggregate all three scenarios, it is clear that inclusionary "neo-" corporatist labor relations systems remain as the mutually preferred alternative. While the situation with regard to competition is fairly obvious, it is interesting to note that pluralism is (at least heuristically) viewed relatively negatively on both sides. This is because the combined weight of limited intra-sectoral competition is perceived as hurting both sides, due to the increased propensity to free-ride in pursuit of egotistical short-term sectoral gains. To this can be added the fact that the government must constantly arbitrate the antagonistic demands of different sectors in each group as well between the groups themselves (rather than assuming a preference for one side or the other). In addition, the last scenario broaches the question as to whether a democratic class compromise can be achieved with a "neutral" government in power. As we shall discuss later on, much of the literature on democratic concertation and social pacts assumes that the presence of a pro-labor government is essential -- and in fact a pre-condition -- for the initial attempts and initial success of such a compromise. However, recent experience in both Europe and Latin America (Argentina being the most salient recent example) suggests that this is not always the case, which makes the issue all the more relevant here, since labor is the main source of opposition in all three subject countries. Hence, the

point of this digression is not so much to rank the order of possible preferences outlined in this model per se as it is to demonstrate the extent of the range of choice institutionally made available to labor under new democratic regimes. More fundamentally, none of these scenarios challenges the basic exchange sustaining democratic capitalism; they are variations on a common theme. The issue is therefore one of choice, and specifically the institutional mechanisms which frame the range of choice presented by new democratic regimes to the labor movement in order to promote the structural bases of a class compromise that is a key step in any successful process of democratic consolidation.

III. The Political Economy of Democratic Class Relations

Accepting the notion that profit is essential for the capital accumulation required to reproduce the national mode of production, under democratic capitalism workers consent to the perpetuation of profit in exchange for improvements in their material welfare. That is, they formally agree that the current material condition of all groups is derived from past profit, and that future wages and material standards therefore depend on current profits, or more precisely, the rate of (re)investment out of profit.

Since investment occurs out of profit, reinvestment is essential for capitalist reproduction and the attendant improvements in material conditions of all socio-economic groups linked to it. Wages are consequently tied to productivity, since this produces the profit from which (re)investment is derived. From the worker's perspective, current profits are a form of worker-delegated investment, since the worker is the ultimate producer (i.e. as wage labor translated into the value of the product and the surplus value in profit).

In effect, a democratic class compromise must include a central feature of the process of production, namely the rate of investment out of profit (or high rate of saving), with the relation of wages to profits based on a fixed rate of investment out of profit. In fact, any agreement on merely turning profits into wages is tenuous from the worker's standpoint because it does not guarantee a steady rate of saving and (re)investment conducive to improvements in long term productivity (and hence material standards of living). As a result, investment decisions cannot be left solely to capitalists (employers). The working classes need a strong, if not equal voice in such decisions, and the democratic state must provide the framework for that process to occur.²⁹ This leads to a specific organization of the state as an expression and agent of reproduction of a democratic class compromise between workers and capitalists (with each group represented by their respective collective agents).

Democratic class compromise reflects the convergence of second-best choices available to capitalists and workers. Capitalists forgo super-exploitation and political authoritarianism; workers forgo economic and political militancy which threaten the capitalist parameters of society. Institutionalized uncertainty in the form of regular elections and other procedural measures guarantee competitive access to governmental authority. In the economic sphere, a series of institutional arrangements similarly provide a framework in which the convergence of second-best choices occurs on materially-calculated grounds of self-interest. The risks inherent in adopting best choice strategies encourage the mutual adoption of second-best options. The risks involved in adopting second-best strategies force regular renegotiation of the terms of the compromise at both the economic and political levels. This is, in effect, a compromised process of competition based on contingent consent.³⁰

Thus, if class compromise under conditions of capitalist democracy is to be achieved and maintained, it must rest on institutional foundations which reproduce contingent consent (i.e. agreement on the contingent outcome of political and economic conflicts³¹) at the superstructural levels. This is in marked contrast to authoritarian capitalist regimes, which at best institutionalize class relations by force, and under which the exchange of consent, concession, and contingency between contending groups is replaced by the imposition of coercion, domination, and subordination to hierarchical controls. It is in their respective institutional bases, hence, where the fundamental differences between authoritarian and democratic capitalist regime projects are best observed.

In that light, the organization and function of specific branches of the democratic state reflect an institutional effort to diminish the uncertainty of both workers and capitalists that the compromise will hold. That is, ". . . institutional arrangements are crucial to determine the actual level of risk involved. Corporatist arrangements are designed specifically to increase certainty beyond the particular collective agreement or a particular election: they constitute a form of self-commitment of the parties to adhere to some agreed compromise independently of the short-term fluctuations of both economic conditions and of popular will as expressed in elections."³² It should be noted that the type of corporatist arrangements alluded to would have to be inclusionary and societal in nature (or neo-corporatist, as the European literature labels its), since exclusionary and/or strictly state corporatist arrangements would not be reflective of a genuine democratic compromise between socio-economic groups differently situated in the means of production. The basic point remains that there must be an institutional arrangement at the level of the state that provides the forum in which the

structural bases of democratic class compromise are worked out. In other words, the democratic state provides organizational and legal boundaries in which the collective representatives of workers and capitalists can rationally calculate on the basis of material self-interest the (mutual) advantages accrued to them by such an agreement, and then negotiate the precise terms (i.e. structural bases) that constitute the formal parameters of class compromise. Class compromise is therefore most often the product of a specific type of strategic interaction known as tripartite negotiation, which is a formal mode of concertation between labor, capital, and the state based on notions of equitable, rationally calculated exchange. Reaffirmed over time (via yearly renegotiation of the terms), this framework will eventually be reflected in mutual expectations of workers and capitalists that the structural bases of class compromise can--and will--be maintained.

If the compromise holds, it is possible to spur broad-based increases in productivity by treating wages as a consumption variable (that is, as an output translated into purchasing power), rather than an input factor cost (overhead) that must be kept low. In the cases studied here, this could help overcome situations where income differences are exacerbated by a lack of increases in domestic consumption. In any event, there exist three sets of risks confronting both workers and capitalists: 1) a lack of class unity on either side, which makes it impossible for them to have a monopoly of representation, i.e., for one or both to have a single legitimate bargaining agent (or set of agents). This is more likely the case with employers competing within (and even between) various economic sectors but is quite possible among workers in different sectors as well (e.g. between those employed in foreign-owned versus domestically-owned firms); 2) the use of the state for partisan purposes that infringe on its autonomy and favor one side

to the determinant of the other; and 3) larger systemic economic risks normally associated with capitalism, in these cases aggravated by large foreign debt burdens and very high rates of inflation.³³

The importance of class compromise in the process of re-democratization and democratic consolidation has been well reflected in the recent experiences of a number of Southern European nations (as well as several of their North European counterparts). According to P. C. Schmitter, "particularly important in the contemporary consolidation process are the efforts undertaken to reach and implement 'socio-economic pacts' as a device to reduce uncertainties and expectations in specific policy areas such as wages, prices, investments, and taxation."³⁴ Such pacts are by no means the exclusive province of Europe. In 1973 the democratically-elected regime headed by Juan D. Peron attempted to establish such a pact in Argentina through its "Pacto Social."³⁵ More recently, the Alfonsin administration in Argentina has attempted to take concrete steps in a similar direction by calling together business, government, and labor representatives in the Economic and Social Conference (Conferencia Economico y Social) in order to discuss wage and price policy.³⁶ In other Latin American countries, such pacts are viewed as long-term stabilizing mechanisms that complement and support the other institutional features of liberal democracy. In fact, some have argued that social pacts are used to manage societal demands that otherwise might overwhelm liberal democracies.³⁷ Thus in Venezuela, "from 1960 on, one can speak of a tacit agreement among parties, worker organizations, and industrialists to maintain in the country what has come to be called the 'labor peace,' which has been solidified increasingly through concertacion (reaching informal agreements so as to avoid public conflict). Without a doubt this constitutes a basic factor in the stability of the present regime."³⁸

Finally, such pacts are often an integral part of the process of (re) democratization itself. Known as "foundational pacts," these are essentially political bargains with two distinct sides. One side is the political bargain struck between opposition forces and the outgoing authoritarian authorities which establishes the terms and rules for the democratic transition. On the other side are the agreements reached among different sectors of the opposition in order to first present the outgoing regime with a united democratic platform, and then allow the newly elected authorities to operate during the early stages of the democratic restoration within some generally accepted guidelines (and possibly within a certain period of grace). In both cases, the nature and terms of the foundational pact depend on which side holds the dominant position in the political bargains leading to democratization, which allows it to at least partially dictate the terms of the transition. As an example, in 1984-1985 the "Concertacion Nacional Programatica" represented an effort on the part of a wide range of opposition groups to reach agreement on the structural conditions necessary for a democratic transition and consolidation in Uruguay, which then allowed them to confront the outgoing military regime on common terms, and eventually led to agreements on the timing and terms of the transition.³⁹ Depending on the pace of liberalization and/or democratization, both types of bargain may have distinct military, political, and socio-economic phases or "moments," some of which may overlap. The point is that the such pacts are often a central element in the process of transition from authoritarian to democratic regimes, and can therefore provide a precedent for their usage during the subsequent process of democratic consolidation.⁴⁰

In effect, concertation undertaken during the last stages of authoritarian liberalization and initial period of democratization can provide

the bases for subsequent efforts to reach sectoral agreements as part of the substantive process of democratic consolidation. While the scope, subjects, and even some of the principals may change once the democratic regime is installed, the avenues of communication, forms of dialogue, institutional guarantees, and levels of mutual trust established via such arrangements among collective agents and other political actors during the early phase of democratization can pave the way for the formal, regularized use of concertation as an institutional linchpin of new democratic regimes.

The importance of concertation as a mediating and stabilizing mechanism in advanced capitalist democracies has received considerable attention.⁴¹ It also came to the fore as a subject of theoretical and practical interest along with the return of democracy to Southern Europe during the early 1970s.⁴² Now, with the recent regional shift towards democracy, it has attracted the attention of Latin American scholars and policy-makers alike, this despite the obvious differences in context and circumstances.⁴³ It is consequently appropriate to pause and briefly dwell on the subject in some detail.

As described earlier, concertation is a form of strategic interaction between (otherwise) contending social actors in which mutual guarantees are tendered that preserve specific sectoral prerogatives while limiting others (thereby constraining each actor's range of choice and freedom of action), in exchange for the cooperative pursuit of formally-recognized common objectives. These social "pacts" can be political, military, or socio-economic in nature (or some combination thereof), and have been a central feature of certain types of democratic regime such as consociationalism. They can be either highly formalized or relatively informal (depending on actor's requirements and the scope of issues involved), and public or secret in nature. For our purposes, attention is concentrated on vertical socio-economic pacts between

socio-economic classes represented by collective agents. This is due to the fact that such arrangements generally constitute the core mechanism of negotiation in pursuit of the class compromise required for substantive democratic consolidation.

Basically then, democratic concertation is a socio-economic and political mediating mechanism, a liberal or societal variant of corporatist intermediation that provides an organizational means of regulating social group interaction and state-society relations via the regular and equal representation of sectoral interests in a legal and institutional framework guaranteed by the state. It is designed to complement the individual freedoms and partisan politics of liberal democracy by equalizing the disparate organizational resources available to different social groups (at least in regards to their status before the state), and by absorbing those collective or sectoral demands that are not easily assimilated by other institutional features of democratic regimes. Above all, it is founded on a cooperative premise that is designed to overcome the inherently antagonistic positions of propertied and non-propertied groups in capitalist societies, as well as rationally-calculated incentives to secure sectoral advantages at the expense of all others.

With this mind, and using Elster's discussion of imperfect rationality in Ulysses and the Sirens as a point of departure, Angel Flisfisch argues that democratic concertation is in fact a type of self-binding strategy or mechanism whereby social actors impose mutual restrictions on their respective ranges of choice (translated into freedom of action, which if unlimited is individually beneficial but collectively disadvantageous). This is done in pursuit of a mutually recognized common good that, if less individually beneficial than that achieved via unrestrained freedom of action, is more

collectively and individual advantageous than the product of all actors pursuing (often conflicting) objectives in unrestrained fashion.⁴⁴ In great measure tripartite concertation perceived in such light represents a form of middle ground between the unrestrained freedom of the economic market and the general restraints imposed by common, consensual government. In this sense, it is one manifestation of what Claus Offe calls the "mercantilization of politics and politization of markets" under democratic capitalism.⁴⁵ In the cases studied here, this "reciprocal contamination" of politics and markets is made all the more pronounced due to the prior histories of state intervention in the economy and the existing climates of economic crisis.

In fact, it has been repeatedly the case that democratic concertation emerges as an institutional solution to the periodic structural crises that afflict modern capitalism, be it in the 1930s, 1950s, 1960s (in the industrialized nations of Europe), 1970s (in the emergent democracies of Southern Europe), or the 1980s (in the Southern Cone). It is offered as a cooperative, ameliorative institutional alternative to the inevitable polarization and exacerbation of social conflicts that such crises would otherwise entail. However, as we shall see in the cases studied here, this requires overcoming a major paradox, since the very existence of (an often pre-existing and inherited) economic crisis -- especially in a context of dependent capitalist insertion in the international economy -- can also serve as a significant obstacle to the achievement of democratic concertation in countries emerging from extended periods of authoritarian rule.

Given this, it should be clear that the presence of concertative mechanisms is neither uniform or invariably necessary for the maintenance of capitalist democracies. Nor is its coexistence with other democratic institutions always harmonious or egalitarian. In some instances, it is the

crisis of other democratic institutions that creates the conditions that make concertation appear necessary (i.e. parliamentary deadlock or the fall of a coalition government). In other cases, different types of concertation are first evident only in specific areas of economic activity or sub-national political arrangements (at the so-called meso-or micro-corporatist levels), then gradually extended to the national (macro-corporatist) plane. This has often brought with it conflict with other democratic institutions, particularly the party system and parliament, over the appropriate role and jurisdiction of concertative mechanisms. Nonetheless, some general typologies of concertative roles in democratic political systems are discernable: A) concertation as a complement to other democratic institutions; B) concertation as superceding other democratic institutions (which some believe has serious authoritarian implications);⁴⁶ C) concertation as subordinate to other democratic institutions; and D) concertation deemed unnecessary or superfluous in the presence of other democratic institutions (such as the U.S.).⁴⁷ Each variant represents a particular degree of structural differentiation and functional specialization within democratic political systems.⁴⁸ It should also be noted that, while it will not occupy our attention here, concertation can and has been used by authoritarian regimes, although the tone and content of the issues addressed tends to vary significantly with respect to democratic concertation.

In any case, the actors involved in concertation can be few or many, and can include representatives of organized labor and important fractions of capital, special interest groups such as environmentalists and feminists, ethnic or religious communities, political parties, representatives of national or local governments, and even the armed forces. Thus concertation is more than tripartism, although this has tended to be its most common form

of expression at the national level (and the most important with regard to class compromise). Concertation can occur at virtually every level of production (factory, firm, industry, economic sector, or national economy) and in every geographic or political jurisdiction (town, canton, district, municipality, county, province, state, region, or nation). Often, concertative activity occurs simultaneously at a variety of levels. The degree to which these levels are linked forms the vertical dimension of concertative systems, which "relates to the pattern of participation of individual peak associations in policy-making and implementation, and the corresponding integration of lower organizational levels into corporatist arrangements."⁴⁹ This points to the fact that there is not one standard or "pure" form of concertation, and that it emerges instead in a variety of guises depending on the circumstances involved. For our purposes, attention will be focused on the national level, given the prevailing (corporatist) structure of the labor relations systems and the need to institutionally consolidate democracy on a national scale in all three countries.

Not surprisingly, the scope and subject of concertative discussion and negotiation can be broad (what Lehmbruch, using Parsons, calls a "generalized exchange") or narrow (in Lehmbruch's terms, a "barter transaction"). It can be political, economic, or social in nature, or some combination thereof, and can even shift over time. The specifics in each case depend on who is represented, the interests they defend, the issues to be discussed, the range of choice available to them, the strategies they adopt in each case (both within and without the concertative forum), the organizational resources (e.g. monopoly of representation, centralization of decision-making authority) they bring to bear in pursuit of their objectives, and the historical context in which concertation occurs. It should be noted that, as in any exchange, the

actor that has the greater range of alternatives to the exchange involved in concertation has a greater ability to influence its terms.⁵⁰

At the national level, the most common subject of concertative discussion has traditionally been macroeconomic policy, particularly wage and price policy. This is because other institutional frameworks are believed to be better suited to handle political issues per se, and because of the prevalence of anti-inflationary and incomes-related concerns among all economic sectors as well as governments. Even so, other issues that have appeared with regularity as subjects of concertative discussion at a variety of levels include capital accumulation and investment strategies, income distribution programs, general taxation, public employment, social security, and public health policies, other public goods such as education and transportation, environmental and other quality of life issues, and even property structures (as in the case of rural land reform, etc.). In many cases, initial success with a narrow concertative agenda can pave the way for more universal discussions, although the ratio of success at this broader level often is inversely related to the degree of complexity and scope of issues involved.

In processes of democratic transition and consolidation, it is critical to recall that organized labor's participation in concertative frameworks transcends merely economic concerns such as incomes policy. Instead, it constitutes a framework in which to negotiate the form and extent of labor's collective representation on the three dimensions of citizenship, i.e., as a social, economic, and political actor. Only with organized labor exercising the full range of rights inherent in all three dimensions can a democratic class compromise emerge from concertative exchanges. More generally, all subordinate group participation in concertation implies at least formal recognition of their collective rights to full citizenship as described above.

Ultimately, the interest of social actors in concertation derives from a positive sum cost/benefit analysis in which the benefits of cooperating in concertative frameworks outweigh the costs incurred (such as the loss of organizational autonomy and limitations on ranges of choice and freedom of action). This analysis is relative in nature, as it is weighed against the costs and benefits involved in pursuing sectoral interests via the economic or political markets, the costs and benefits incurred by the other parties, and (at the national level) the ability of the state to guarantee that what is agreed upon is implemented. One major obstacle is that, while the benefits (at least initially) often appear hypothetical, from the onset the costs of concertation are very real. Hence, continued interest in maintaining the concertative framework derives, on the one hand, from its ability to deliver on what is agreed; that is, that sectoral expectations of the benefits to be reaped are fulfilled. On the other hand, the stability of concertation derives from the ability of each of the parties involved to ensure the compliance of their constituents (which assures a high degree of representativeness), which in turn largely depends on the degree to which what is expected is in fact achieved. Put succinctly, the stability of concertation is contingent on contextual factors both internal and external to the actors involved which effect the distribution of costs and benefits among them, and which therefore make regular re-negotiation a crucial mechanism of adjustment and stabilization. For whatever reason, when the costs involved in concertation are believed to outweigh the benefits received (i.e. it becomes a negative sum game), social actors will alter their strategies and explore the options available to them elsewhere. The defection of one sector, in turn, will bring about the collapse of the entire framework.

Examples of some of the varieties of concertation can be drawn from recent experiences in the Southern Cone. In Uruguay, the scope of the "Concertacion Nacional Programatica" (CONAPRO) was initially very broad, and included representatives of a wide range of social sectors. Among the issues on the original agenda were economic policy in general (including discussion of the foreign debt, internal debt in agriculture, industry, and commerce, tax policy and public spending, economic reactivation and sectoral employment programs, monetary policy, exchange rates, and the role of foreign investors), education and cultural programs, health, housing, and social security policies, and civil rights questions (including amnesty for political prisoners, the return of political exiles, the reestablishment of constitutional guarantees of individual freedoms, and the possibility of prosecuting military personnel charged with human rights violations during the previous regime), plus a general review of the laws and decrees enacted by the outgoing military government. The actors involved included all major political parties (Colorado party, National, or Blanco Party, Frente Amplio, and the Union Civil), plus most important social groups (including the labor movement, represented by the PIT-CNT, the student movement, the cooperative movement, and representatives of business engaged in industry, commerce, and agriculture, especially the Camara de Industria and Camara de Comercio). Only the private banking sector was excluded, at its own request, from the initial composition of CONAPRO. These groups came together on their own initiative, and without the sponsorship of or mediation by the state (since they were originally brought together to formulate a coordinated strategy against the outgoing authoritarian regime).⁵¹

This type of concertation can be contrasted with that recently attempted in Argentina by the new democratic government. Initiated by the Executive branch, the previously mentioned CES was initially limited to discussion of wage and price levels within the boundaries of the austerity regime imposed by the IMF-backed Austral Plan. Participation was originally extended only to the representatives of organized labor (in this case the CGT), business (including the Union Industrial and the Conferencia General Economica), and interested branches of the state (particularly the Ministries of Economy and Labor). However, in both cases the original schemes suffered important modifications. In the Uruguayan case, a "political group" comprised of representatives of the political parties eventually became the executive body of CONAPRO, to which was subordinated, in more of a consultative capacity, a directorate comprised on the representatives of business and labor (with all the other groups having been excluded).⁵² In Argentina on the other hand, the scope of discussion within the CES was tentatively expanded, at labor initiative, to include debt refinancing terms and investment policy, and parliamentary representatives of major political parties (Peronists and Radicals) were subsequently invited to participate in the negotiations. In both cases, though, the results of concertation were far less than what was hoped for, since key actors in each instance opted to adopt intransigent postures that stymied any possibility of agreement. This points to the enhanced and mutual veto power each actor exercises in such an arrangement.⁵³

Overall, the narrower the scope of issues addressed via concertation, the easier it generally is to reach and enforce agreements, although these agreements by their very nature tend to be less of a stabilizing factor for democratic regimes over the long run. Conversely the broader the issues addressed, the harder it generally is to reach and enforce agreements via

concertative mechanisms, although in such cases the agreements reached tend to be more stabilizing over the long run. In any event, regular renegotiation of the terms is a central feature of democratic concertation, as it allows for adjustments based on contextual changes (anticipated or not). The cumulative effect of repeated successful renegotiation, whatever the scope of issues involved, is what ultimately provides the concertative basis for democratic regime stability, as it offers a neo-corporatist foundation that substantively "contributes to democratic institutionalization."⁵⁴

This is not to say that democratic concertation always reflects seriousness of purpose on the part of those involved. More specifically, concertation can be either formulaic-symbolic or substantive-pragmatic. That is, it can be used to symbolically incorporate specific groups in formulaic discussions of general policy concerns and/or the specific rules and issues involved in further concertation, while pragmatic decision-making on substantive issues continues to be made elsewhere (be it in the parliament, the presidency, or other branches of the state). On the other hand, concertation can be used to pragmatically formulate policy and make decisions on specific issues of a substantive nature. Obviously enough, the symbolic utility of concertation is limited, and is more likely to be found in the early stages of democratic consolidation. Thereafter more pragmatic issues need to be addressed if concertation is to remain as a viable mediation and stabilization mechanism. In practice formulaic-symbolic concertation (the so-called "initial dialogue") has often established the ground rules and agenda upon which subsequent substantive-pragmatic concertation occurs. In other words, it has often established the institutional parameters and thematic guidelines for substantive concertation.

On a horizontal plane (that is, across social sectors) concertation can be conducted either informally or formally, and can be bilateral (in which social groups initiate negotiations and reach agreements through their collective agents, then present them to the state for ratification), or multilateral in nature (in which the state's role in initiating, mediating, and defining the scope of discussion and rules is much greater). In all cases, it is the democratic state which ultimately legitimates concertation at the national level, since it constitutes the superordinate enforcement authority by virtue of its formal embodiment of all sectoral interests. In other words, the state is the hub of the horizontal dimension of concertation, as it provides "the ultimate legal reassurance that what is negotiated is abided, by virtue of the legal rules (including sanctions) to which the groups in question are subjected."⁵⁵ In effect, without the punitive enforcement capabilities of the procedurally neutral state apparatus as the guarantor of all agreements, the chances that concertative agreements will be violated increases prohibitively, no matter how they were reached.

The central position occupied by the state in any nationally-aggregated process of democratic concertation should not disguise the fact that it by no means always operates as a uniform actor. That is, the democratic state -- understood as the union of apex of the state (more properly known as government) and state apparatus -- is made up of several, often contending components. These include the three traditional branches of government, each with its particular bureaucratic and "territorial" imperitives, the public bureaucracy, the armed forces, and the political parties and professional associations (as well as a host of lesser groups) which hold the loyalties of many of those who serve in the public sector. Hence, the democratic state has a multi-dimensional personality that often forces it to internally replay

external political conflicts, and which consequently prevent it from being inherently disposed towards uniform approaches to the issue of concertation. As Flisfisch aptly points out, even if capital and labor are nationally aggregated and centrally organized, "(t)he state is state apparatuses plus government, and government has to do with parties, which are two or more. In this case the situation is clearly multipersonal."⁵⁶ The conformation of the state, in other words, has much influence over the way in which concertation is approached in each case, and mitigates against any uniform disposition towards specific forms of concertative interaction.

Thus, state approaches to concertation can involve just one dominant party exercising control over both the executive and legislature (as is the case with the Colorado Party in Uruguay), a tenuous and hotly contested bipartisan dialogue between the government party and its main opposition (as is the case with the Radicales and Peronistas in Argentina), or the initiatives of certain factions both within and without a seriously divided government party (as in the case of the PMDB in Brazil). Government approaches towards concertation can therefore be as varied as the external actors and issues addressed, and by their very nature reflect the status of political competition in each case, the internal composition of the state apparatus and government, and the relationship of different governmental factions with various social actors.

As shall be elaborated further on, actors involved in concertation derive organizational benefits and share certain costs as a result of their participation. Suffice at this point to note that collective agents acquire an institutional position (and vested interest) in the national decision-making process. This makes their interests and demands a matter of public concern, which forces them to dampen egotistical preferences with

considerations of wider appeal. That is, rather than just the state (or government), each of the "social partners" assumes a share of the responsibility for the policy decisions reached through concertative mechanisms. In this regard, participation in concertation implies that each sectoral representative become part of the process of democratic institutionalization of national decision-making. We can therefore see how in some democratic systems political parties and concertation among sectoral interests complement each other, and in fact often constitute part of a larger network of interconnected organizations of both public and private character. As an example, we can envision concertation in one narrow sense as an economic regulating mechanism that parallels partisan political pendulations tied to party competition. The latter represents a vehicle for reproducing political consensus, while the former is used to reproduce economic consensus (although it should be obvious that there is considerable overlap between the two). The point is that without the political mediation provided by political parties, the system would be strictly corporatist, and therefore susceptible to authoritarianism; without the sectoral mediation provided by concertation it would be clientalist, and thus subject to influence-peddling, cooptation, etc. (witness the U.S.).

Several additional observations regarding concertation are worth noting. As alluded to earlier, the stability of the concertative system at the national level is generally believed to have "a tight relation to the degree of centralization and representativeness of syndical organizations, and the degree of control they have over the bases" (rank and file).⁵⁷ Needless to say, the same holds true for the representatives of capitalist interests as well. For both, though, it is calculations of the costs and benefits to be realized, beyond their degree of centralization, that determines their

adherence to concertative mechanisms. Moreover, stable concertation requires that along with the ability to deliver material and/or political benefits, all collective agents involved maintain a significant degree of internal representativeness (rather than structural centralization per se), since it is the binding quality of legitimate authority which makes them genuine articulators of sectoral interests. Thus the internal composition of collective agents is a matter of concern for new democratic regimes, as they can either contribute or detract from the process of substantive democratization at the institutional level. This is especially the case in societies where the authoritarian ethos has historically predominated (one example being the vertical structure of the Argentine labor movement, which although having roots in a populist authoritarian, state corporatist approach towards labor relations, nonetheless is widely supported by the current rank and file). Finally, the extent to which society as a whole is organized will determine whether concertation can be used as a viable form of democratic mediation. If most of society is not organized around specific interests and represented by collective agents of one type or another, the possibilities that concertation (even if narrow in scope) will have relevance, much less a significant impact, diminish considerably. Even so, what democratic concertation between representatives of the minority of organized sectors in such societies can do is provide the means for taking policy-making authority (broadly or narrowly construed) out of the hands of a technocratic or class elite and into the hands of a (however slightly) broader array of collective agents. If for no other reason than this, it represents a significant advance towards more equitable processes of national decision-making, and hence a major step towards democratic institutionalization.

This applicable to the cases under scrutiny here. Although in Latin American terms Argentina, Brazil, and Uruguay represent comparatively well-organized societies, vast sectors of their populations remain without collective voices to represent them (for example, in Brazil only 17% of the economically active population is unionized). This is yet another negative legacy of the previous authoritarian regimes, which to various degrees used economic policies and repression to disrupt collective identities and restore the primacy of market relations in their societies. Thus, in varying degrees the un-, under-, and self-employed, small businesses, rural labor, tertiary and service sectors lack representative collective agents to speak for them. Their incorporation into organized collectivities, either pre-existing or new, is therefore a major component of the processes of democratic institutionization, as they establish the preconditions necessary for the use of concertation as an element of substantive democratic consolidation.

In countries emerging from authoritarian rule, the terms of the concertacion are often necessarily made formally rather than informally, as they delineate and codify the positive sum rules that are the bases of substantive democracy. This was evident in the political and economic pacts negotiated in Southern Europe during the earlier wave of re-democratization that swept through it in the seventies. Ongoing maintenance of such pacts, via regular renegotiation of the terms, allows a high level of mutual expectation and trust to develop among the "social partners." It is possible that the equitable political balance generated by this type of arrangement, when maintained over time, may well allow for a high level of regime stability based on informal agreements. The more important point is that, whether they be formal or informal, such pacts are agreed upon by sectoral interests represented by their respective collective agents within an institutional

framework outlined by the state. The organization of this institutional network, i.e., state apparatus and organized sectoral interests, constitutes the structural bridge between procedural and substantive democracy.⁵⁸

More pertinent to our focus here, the terms of the compromise are worked out within the institutional framework of the state itself, most often under the aegis of a Labor Ministry and other specialized agencies (here referred to as a national labor administration). As I have argued elsewhere, the very structure and function of these institutional forums varies significantly according to the type of regime in power, since it is political regimes that control the apex of the state apparatus, or what is commonly known as government.⁵⁹ As such, the institutional framework erected within the democratic state in order to foster the achievement of democratic class compromise between capitalists and workers exhibits certain organizational traits not shared by states that are controlled by other types of regime. According to Przeworski and Wallerstein, "(c)lass compromise implies a particular organization of political relations, a particular relation between each class and the state, a particular set of institutions, and a particular set of policies. The state must enforce the compliance of both classes with the terms of each compromise and protect those segments of each class that enter into a compromise from non-cooperative behavior of their fellow class members." In other words, "the organization of the state as an institution and the policies pursued by this institution constitute an expression of a specific class compromise."⁶⁰ This includes establishing or strengthening within the state institutional mechanisms of interest group representation, demand articulation and adjustment, sectoral integration and negotiation, legal enforcement, adjustment, and general support, all of which add complexity to the state's mission and endow it with a distinctive democratic

character. It is therefore likely to be an autonomous and interventionist state, with a regime specific set of features that are conducive to the establishment of the structural bases of democratic class compromise.⁶¹

It is undoubtably true that under democratic regimes most of the state apparatus (or at least those branches with domestic responsibilities) serves as a vehicle for maintaining class compromise, just as a large part of the state apparatus often serves as an instrument for class domination under authoritarian regimes. Moreover, while the particulars of the state's role in promoting and maintaining the compromise may vary significantly among different types of stable democratic regimes (for example, between federal, unitarian, consociational, and parliamentary systems), it is nonetheless likely to be crucial in countries in which democracy has been absent for long periods of time, as is the case here. With this in mind, we should focus attention on the branch of the state that plays a leading institutional role in the labor relations systems of these three Southern Cone countries. The reasons for this are as follows.

IV. Collective Action and the Democratic State

Lacking in individual resources when compared with propertied elements in society, subordinate socioeconomic groups in capitalist societies are heavily reliant upon their collective agents for the defense and representation of their common interests. This is because "it is the ability to organize which largely governs the degree of participation in the decision-making process, which in turn facilitates the access of most of the underprivileged groups to the goods and services that are available to the community."⁶² In fact, it is only through collective action (organized or not) that subordinate groups influence the policy-making process. However, while spontaneous, relatively

unorganized collective action such as demonstrations or wildcat strikes may have excellent dramatic impact at a specific moment, it is clear that the long-term, coherent, and systematic representation and defense of subordinate group interests requires an organized collective agent capable of negotiating -- rationally or "irrationally," as the case be -- with the collective agents of propertied groups and different agencies of the state.

Thus, at a general level, the organized labor movement represents the collective means by which the working classes address their common concerns, defend their general interests, and present their specific demands before employers and the political authorities that control the state. As such, organized labor occupies a leadership position when it comes to expressing the economic and political desires of the working classes in general. That is, even when taking into account its obvious degrees of differentiation, more than a "labor aristocracy," organized labor is the most politically and economically articulate sector of the working classes, hence its leadership role. In the words of a former Argentine labor leader, "syndicalism must fulfill a double function that promotes the advancement of the working class and the people in general . . . (that is) it is charged with revindicating the economic, political, social, and cultural rights of workers and, from its specific position, simultaneously marshalls energies to ensure that political power is exercised by the people."⁶³ In order to understand why this is so, we must backtrack so as to clarify the logic and purpose behind union organization.⁶⁴

The original reason for the formation of labor unions is relatively simple, since it was (and is) a purely defensive reaction. That is, unions are first organized as a form of collective response to and protection against the vulnerability of the individual employment relationship. The

vulnerability of the employment relationship of unorganized workers is twofold: On one side, to employer whims and prerogatives as well as negative market factors; on the other side, to peer competition that bids down wages in search for employment. Initial organizing thus occurs as a defensive reaction to this two-fold vulnerability which attempts to limit worker competition for employment while simultaneously insulating the employment relationship from capricious or adverse market factors.

Over time, however, the list of union concerns has grown dramatically, and now includes working conditions and safety, wages, labor force stability, employment standards, health and pension issues, social security policy, productivity and investment objectives, sectoral protection strategies, and even national economic policy. Broadly phrased, union objectives can be characterized as either procedural, which involve questions about control over work, or substantive, which involve the returns from work. There exist several levels and degrees of interest within each category, and it is often the case that trade-offs must be made between the two. On the other hand, the achievement of procedural objectives is often used as a means for subsequently achieving substantive gains. The calculation of preference between the two types of objective is consequently at the center of labor union and employer bargaining strategies.

The enlarged scope of labor concerns (even in those countries where many of these concerns are deemed to be illegal) has added both a new dimension and a new focus to labor strategy, although it has not overcome its basic defensive orientation. Since the introduction of a new focus has led to the multiplication of labor roles and the consequent emergence of a new dimension to the labor's orientation, we shall discuss the former before proceeding to the latter.

The expanded scope of labor concerns introduced a new actor upon which unions can press demands: the state. The modern role of the state in national economic decision-making has made such a focus inevitable, and in many cases has made the state rather than private employers the primary target of labor's attention. This is especially the case in countries such as those of Latin America, where the role of the state in macro-economic management, productive activities, and labor relations issues has traditionally been high. This pattern of intervention has been particularly evident in the Southern Cone, where there is a long history of state involvement in the economy, and where labor movements received their initial boost to prominence from the state. State corporatist labor relations systems have consequently emerged as the norm for most of these countries during the postwar period.⁶⁵ In fact, even in those countries where the formal role of the state in the economy and/or the labor relations system is relatively low, unions have divided their demands between employers and the state, and have consequently come to adopt a variety of overtly political positions.

As a result of the introduction of an additional actor upon which to focus (to say nothing of the state's structural concern with administering labor interests and demands), organized labor has exercised dual economic and political roles. This is most evident in ideologically militant unions, which consider the overall political role played by organized labor to be more important (for strategic reasons) than their economic role. For functional rather than ideological reasons (and possibly a combination of both), national labor confederations have adopted a similar strategic position and correspondingly assumed an overt political role, one that is often carried out in concert with political parties and which supercedes or is at least equal to their economic functions. In many instances the overt political role assumed

by umbrella labor confederations allows affiliate unions to concentrate resources and energies on a more narrow range of economic and work-related issues. Such a division of labor allows each hierarchical level within the labor movement to more efficiently utilize resources in their respective areas of operation.

The expansion of labor's original objectives and focus of attention, which has given it dual economic and political roles to play, has brought to light another dimension of modern labor strategy. This dimension is offensive rather than defensive in nature, and while ultimately subordinate to the fundamentally defensive economic concerns of all unions, has become the driving force behind labor's political activities. Hence, labor initiatives in a wide array of policy areas constitute a core element in the "progressive" political agenda, to which are joined a variety of similarly "progressive" concerns such as those involving environmental, civil rights, and other groups which occupy subordinate positions in capitalist societies. This points to the most far-reaching role that organized labor can potentially play: that of agent for social change. That is to say, while the counter-hegemonic position of labor unions has been greatly exaggerated and has failed to materialize in most instances, it is equally clear that the role of union infrastructure (press, social and sport facilities, educational activities, etc.) in promoting working class culture and values is a critical element in the achievement of any "progressive" political agenda. Moreover, the extent to which it is able to fulfill this role can be considered to be a part of the process of horizontal expansion of social networks that is an integral part of the societal phase of substantive democratic consolidation.

This is not to imply that organized labor is always progressive, behaves egalitarianly, and is oriented towards the common good and improving the

position of subordinate groups in society. To the contrary, practice has shown that unions often adopt egotistical, exclusionary, corrupt and/or authoritarian positions, preferring to pursue narrow, self-serving material or political interests rather than communitarian ideals or the objective needs of the working classes. In addition, the requirements of organization have often prompted the erection of bureaucratic structures within unions that generate internal interests which are different, and even opposed to those of the rank and file. Under authoritarian capitalist regimes, these tendencies are reinforced and often encouraged, which adds to the obstacles to successful democratization at the institutional level. The basic point, though, is that despite the appearance of these internal contradictions, the original conception and subsequent evolution of labor's objectives and roles intrinsically make it an important actor in any process of democratic consolidation. Whether or not it becomes so hinges on the institutional conditioners and range of choice that labor is presented with during the initial stages of this process, something that is as much a product of external (regime) initiatives as it is of the internal dynamics of the labor movements in question. There is, in effect, a dynamic -- if not dialectic -- process of interaction between these internal and external factors that together condition the role organized labor can play in processes of democratic consolidation.

The expansion of organized labor concerns, focus of attention, roles, and strategic dimensions, however, has greatly complicated the ability of unions to fulfill many of their primary functions. This is because unlike associations that aggregate capitalist interests, union objectives cannot be reduced to easily quantifiable material terms such as profit, cannot be pursued in isolation from other basic membership needs (since many of these

derive from the employment relation), are subject to differing perceptions of (often erroneous and in many instances non-material) subjective and objective interests on the part of the rank and file, and subject to problems of information collection (unlike the more immediate feedback process provided to capital by market reactions). All of this complicates the task of the labor movement, and adds importance to the range of choice presented to it as well as the concrete strategies it adopts in pursuit of these heterogeneous interests. Above all, it makes imperative that labor adopt an interactive approach towards the ordering of preferences based on rationally calculated cost/benefit analyses of material and non-material objectives discounted over time.

In principle, under democratic capitalism the range of choice made available to organized labor in defense of its interests is quite broad. Needless to say, this is in marked contrast with the situation of unions under authoritarian capitalist regimes, where the range of choice available to them is narrowed considerably, and where even the right to organize is often suspended (or at least controlled by the regime). Depending on external conditions and legal frameworks, labor under conditions of democratic capitalism is confronted with a continuum of choice based on increasing degrees of conflict institutionalization leading to cooperation. This is because

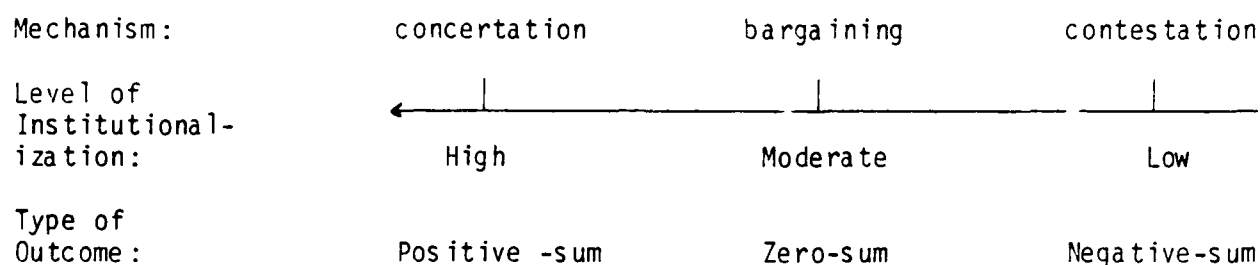
"in a democracy conflicts have outcomes, since democracy is a system by which they can be terminated . . . Particular institutions, such as elections, collective bargaining, or the courts, constitute mechanisms for terminating, even if at times only temporarily, whatever inter-group conflicts emerge in a society. In the absence of collective bargaining arrangements, strikes are terminated only when one of the sides can no longer afford to continue the conflict. . . . Moreover, in the absence of such institutions, conflicts which are important to group interests often become terminated only after a physical confrontation. Democracy

allows such conflicts to be terminated in a previously specified manner, according to explicit criteria, and often within specified time . . ." Hence, "conflicts are organized: their outcomes are related to the particular combinations of strategies pursued by various groups. . . (and yet) there is no reason to suppose that the ordering of outcomes upon a configuration of strategies is so strong that each combination uniquely determines the outcome. Conversely, the same outcomes may be associated with multiple configurations of strategies."⁶⁶

The important point to remember is that under democratic capitalism, outcomes are always up to a point indeterminate: they cannot be predetermined, since this would remove the rationale for engaging in collective action; nor can they be completely indeterminate, since they would therefore bear no relation to the courses of action pursued by all actors, and hence would also remove the basic reason for organizing in the first place.⁶⁷

Confronted with such a range of choice, labor can adopt one of three general approaches towards capital and the state: contestative or conflictual, bargaining or negotiated, and concertative or cooperative. Over time, labor may choose to move from one approach to another, depending on the relative success (or lack thereof) it has achieved using a specific approach. The first two approaches involve, respectively, no or few restrictions on union freedom of action, and consequently embody relatively high (albeit diminishing) levels of conflict. Conversely, as we move through bargaining towards concertative approaches, we encounter increased restrictions on union freedom of action within a framework of increasing conflict institutionalization leading to eventual cooperation. Such concertative approaches can involve consultative or participation mechanisms which in either case represent the highest institutionalized forms of (class) conflict resolution.

FIGURE 1



(←---: Direction of arrow indicates increasing degrees of conflict institutionalization; dashes indicate pre-organized forms of conflict).

The contestative approach, which represents virtually open conflict between labor and capital where labor attempts to improve its position at all costs, is usually negative sum. It is most likely to involve a struggle that will impose losses on all sides, but where labor stands to lose more than capital (recall the discussion of the "valley of transition" on pages 20-23). This is an approach that is usually adopted by the most intransigent and/or militant unions, who perceive an intrinsic long-term value in promoting open class conflict, whatever the short and medium-term consequences. In post-authoritarian conditions such as those examined here, this approach is not likely to enjoy much support either within or without the labor movement. The bargaining approach is essentially zero-sum in nature, since it is premised on an exchange of concessions in which neither side secures an appreciable advantage (hence the notion of "fair exchange" so prevalent in the literature on collective bargaining). Phrased in terms of pursuing second-best choices, this approach lies at the core of labor collective bargaining strategies in a wide array of capitalist countries, although the autonomy of the negotiations with respect to the state varies considerably from case to case. The concertative approach, finally, can be considered to be positive-sum in nature, in that mutual gains secured through cooperation in

a concertative forum are believed to outweigh the individual concessions and limitations on freedom of action any of the parties may have to accept. It is interesting to note that the European experience has shown such concertation to be most effective with regard to non-wage issues, with wage negotiation most effectively handled via the more conflictual process of collective bargaining.⁶⁸

Whatever the approach adopted, organized labor's negotiating position eventually reduces to one base: the ability to withhold the labor services of its membership. Unlike commodities (with which it is often confused) labor services cannot be physically separated from the provider. It is therefore the subject and the object of the employment relationship. Labor services are consequently sold by surrendering legal control over something that remains physically in the provider's possession. In this sense, it is "living" as opposed to "inanimate" capital (i.e. machines), and is not as fluid as the latter (since it is conditioned by physiological properties and psychological needs -- affective, spiritual, material, etc. -- that are the substance of the provider). It is thus the labor services of its membership which constitutes the card with which organized labor negotiates with capital and the state. Be it in its most extreme form of strikes (whatever their exact character, such as political or economic, general or sectoral, staggered, sequential, temporary, or long-term), or be it in more moderate versions such as slow-downs, working to rule, refusal to engaged in overtime, etc., the principal method by which labor buttresses its negotiating position is to emphasize the negative value to the productive process of a labor service withdrawal on the part of its membership, a fact which is a source of concern for employers and the state alike. To this can be added other political and economic pressures (boycotts, etc.), particularly where labor has a formal

and/or strong influence in government, where it has the support of established political parties, or where it commands significant organizational resources. Ultimately, though, organized labor's arsenal is the made up of just that: the labor provided by its members, which if withdrawn or withheld can bring the productive process to a halt.⁶⁹

Even so, it should be obvious tht the effects of such labor service withdrawals depend upon whether they are done in support of procedural or substantive issues. Phrased differently, "the outcomes are different when strikes concern the very right to organize than when they concern wage demands."⁷⁰ In each case, the strategic interaction between employers and unions revolves around specific -- and fundamentally different -- issues of choice, which in turn defines the types of strategies they adopt, and the range of outcomes that are consequently feasible.

The nature of labor's "arsenal," however, makes its postion doubly vulnerable and susceptible to weaknesses. On a internal plane there is the diminishing ability to guarantee over time rank and file adherence to a labor service withdrawal. This is a product of a variety of economic, psychological, ideological, organizational, and sociological factors -- to say nothing of basic material and physical needs -- which negatively influence individual member perceptions and calculus of the benefits to be gained through such action, and which (although too complex to adequately discuss here) have been shown to adversely influence the ability of unions to sustain prolonged work stoppages.⁷¹ In such situations the disjuncture between egotistical and cooperative strategies among the rank and file becomes particularly evident, with the former generally superceding the latter.

On an external plane are located the contextual factors which work against the success of a labor service withholding. These include the

availability of surplus labor, the uncertain, non-binding, and differentiated response of other organized sectors of the working class, the economic situation of firms (e.g. those with lagging sales and large stocks, as well as those close to bankruptcy, may in fact welcome such actions), the general response of capital, and the economic and political climate of the time. In particular, capital, as a much more fluid entity than labor, has many options at its disposal in the event of a labor service withholding. It can simply be transferred to other productive sectors, invested elsewhere (at home or abroad, either temporarily or permanently), or at worst liquidated and exchanged for other services and commodities. All of this has an adverse impact on the labor movement, and in fact challenges the very reasons for its existence. More importantly, if sufficiently broad, such a capitalist response is bound to attract the (negative) attention of the state. This is especially the case with large capital transfers abroad in response to labor problems at home, since this poses a serious threat to the national accumulation process itself, and hence to the very stability of the socio-economic and political system. The structural dependence of the state and society on capital, in other words, make it necessary that the accumulation process continue unhindered, and that any domestic action that impedes continued investment be discouraged, if not restricted. Thus it is not only the effect of a labor service withdrawal per se, or what labor and capital can do politically, that forces the state to act against unions in the event of a labor service withdrawal that is both broad and prolonged. It is what capital can refuse to do in terms of investment in light of labor service withdrawals or other disruptive activities that most acutely presses the state into action. This is because such a capitalist response -- in effect, a capitalist strike -- threatens to undermine the structural foundations of the

entire system.⁷² All of this is magnified in countries operating under severe financial duress and fiscal constraints, which is the case with those saddled by large foreign debt burdens (including the three nations in question here). We might add that before the threat of a capital strike is realized there is a wide range of more "vulgar" options available to capital in order to counter a labor service withdrawal. These include purchasing favors and protection from government, acquiring labor services outside the union, using privately-purchased coercion to break the work stoppage, and buying the cooperation of labor leaders.

Other contextual factors also significantly influence labor's negotiating position. With respect to the general economic climate, suffice it to point out that recessionary periods are less than ideal times in which to press demands backed by strike threats. In fact, during such periods unions often find that they must narrow the scope of their concerns to the original defensive position, i.e. protection of employment and (if possible) wage levels and work conditions. Conversely, periods of economic growth, when demand, productivity, and employment levels are high, offer excellent opportunities in which to use the threat of labor service withholding as a bargaining tool.

The same can be said for the existing political climate. If the political tenor of the times is, for whatever reasons, "anti-labor," then the chances of labor securing objectives via the exercise of a full range of options-especially the threatened use of its strike potential-is quite low. This is very evident in the labor legislation enacted by different political regimes. Such legislation often represents "nothing more than the judicial expression of dominant group ideology"⁷³ (especially under authoritarian regimes), and consequently reflects their position regarding labor choice. In

Brazil, for example, the existing strike laws display a very narrow view of the utility of such action in achieving working class objectives, precisely because it is not the working class which has drawn up this legislation. According to Metalworker Union leaders in Sao Paulo, "the law attempts to discipline the strike problem and creates (a framework) so rigid tht it is almost impossible to declare strike . . . It became an anti-strike law, an anti-strike strike law (as it were) that gives a series of advantages to the employer which make striking difficult. . . . For a strike to occur, so many formalities are required that when they are fulfilled there is no longer any reason to strike."⁷⁴

Closer to home, we only need to consider the position vis à vis strikes adopted by the Reagan and Thatcher governments to understand the negative effects of inhospitable political climates on union fortunes. With that in mind, reflect upon the effects on union action imposed by the authoritarian climates that have preceeded the recent wave of redemocratization in the Southern Cone, where unions -- to say nothing of strikes -- were outlawed, and where losing one's job for union activism was the least harmful thing that could happen to a labor unionist. On the other hand, "pro-labor" climates such as those promoted by Labor and Socialist governments in Europe, some Democratic administrations in the U.S., and Socialist or Nationalist Populist regimes in Latin America, greatly facilitate the achievement of labor objectives without its having to resort to its ultimate "weapon."

In any case, the point to be underscored is that organized labor's negotiating position is fundamentally weaker than that of capital for two main reasons. Internally, due to the fragility inherent in maintaining a withdrawal of fixed human labor services over time. Externally, because of the adverse effects of a wide variety of contextual factors and the relative

strength and range of options available to capital. It is precisely because of this, however, that labor incorporation in the democratic consolidation process is essential, for it offers an opportunity to construct institutional mechanisms that ameliorate these weaknesses and improve labor's ability to equitably negotiate agreements that provide a durable foundation for democratic class compromise. It is therefore clear that organized labor has the potential to defend the diverse interests of the working classes at a variety of levels, and that under conditions of democratic capitalism it is possible to do so within institutional frameworks that are designed to promote regular and peaceful conflict resolution, if not cooperation. While it may be true, as Marxist critics argue, that this is a form of bourgeois cooptation, it is also true that given their recent histories, such institutional channels are at the moment the most viable means of promoting working class interests in the Southern Cone. If nothing else, such institutionalization recognizes, after a long period of nonrecognition, the legitimacy of organized labor as the primary articulator and defender of working class interests, which is of itself an important step towards overcoming the authoritarian legacies and promoting labor incorporation into the process of substantive democratic consolidation.

Of course, the logic of collective action also extends to other social groups as well, particularly during processes of re-democratization and democratic consolidation. This is because ". . . consolidation involves a public definition of substantive issues and an institutional specification of policy spaces which brings organized interests to the forefront."⁷⁵ Hence the importance of "peak associations" that segmentally divide civil society along functional, ethnic, religious, or class lines (one of the latter being National Labor Confederations).⁷⁶ In fact, even if the specific logic of

collective action differs in each case (between labor and capital, for instance),⁷⁷ the process of democratic consolidation requires the presence of legitimate, nationally-aggregated collective agents which exercise binding authority over their affiliates. This encourages the articulation of sectoral interests in similar fashion at the national level. Backed by the neutral enforcement power of the state, it is this reciprocal interaction between similarly-organized collective agents which constitutes the core of democratic concertation. It is therefore the peak associations of capitalists and workers who ultimately negotiate -- often with direct state mediation -- the terms of the class compromise.

The importance of such tripartism has long been recognized in the labor field.

"Tripartite co-operation began its development in what are called the three basic areas of minimum wage fixing, the settlement of labour disputes and the administration of social insurance. Starting with these areas, tripartism expanded to other sectors of labour policy such as employment and human resources, vocational training, occupational safety and health, industrial relations and the protection of certain specific types of work. Recently the need has been felt to associate representatives of employer' and workers' organizations in certain labour administration programmes designed to improve working conditions and the working environment."⁷⁸

In Latin America, belief in tripartism lies behind the use of socio-economic pacts and concertación as stabilizing mechanisms in democratic regimes.

To that end,

"(b)y its very nature, labour administration makes an obvious meeting point for workers, employers, and representatives of their organizations who wish to discuss and settle their problems. The parties themselves have always displayed an interest in strengthening their direct contacts and their links with the labour authorities. Experience has indeed shown that when neither side had the opportunity to know the point of view of the other or to make known its own point of view, or when no use was made of the intermediary function of labour ministries, or when it was not possible to influence the manner in which they ran public affairs, the activities of both trade unions and employers were inevitably restricted and precarious.

The development of tripartite cooperation was resisted only by the most uncompromising trade unionists and the most obdurate employers who sometimes refused to recognize the existence of the other party. Otherwise the tendency both in the trade unions and on the part of professional management as it evolved in the region was to accept and promote tripartism. In this way, the initial somewhat sporadic contacts dating back to the establishment of labour ministries, gradually gave way to more institutionalized forms of reapproachment and even to systems of collaboration."⁷⁹

In any case, whatever the logical basis and be it cooperative or conflictive, it is clear that the importance of using collective action to achieve common goals is a mainstay of political life, and as such is a fact not lost on organized labor when confronting political authorities (represented by the state) and capitalists under a variety of regime types. However, the ability of organized labor -- as with any large, diverse, and nationally aggregated social group -- to speak uniformly with one voice is often difficult to achieve, especially in political climates where such unity is officially discouraged. This is all the more onerous when contending social groups do enjoy such cohesiveness, or where they enjoy the protection of the regime in power. Thus the current dilemma confronting Brazilian labor, which is divided between three national confederations, several federations and sectoral confederations, and along a variety of ideological positions. The issue was put bluntly by the Metalworkers Union of the Confederação Unica do Trabalho, who in a recent National Meeting proclaimed that "business interests are articulated and united at a national level, while the workers need to be more united."⁸⁰ A similar problem afflicts the Argentine labor movement. Though Peronist dominated and organizationally united through the "vertical" union structure, it is nonetheless torn by internecine ideological disputes over the true content of Peronism. In addition, the Peronist Party is similarly cleaved while simultaneously engaged in an institutional

competition with the General Labor Confederation (Confederacion General de Trabajo or CGT) for the "hearts and minds" of the Peronist masses. Only the Uruguayan working classes (which are much smaller in number and are more homogeneous than either of their neighboring counterparts) have found a significantly unified agent in the form of the PIT-CNT. Under Marxist leadership, the PIT-CNT has demonstrated a strong ability to adopt coherent postures versus employers and the state, has forged strong political ties with the Frente Amplio on the legislative level, and has demonstrated an ability to imposed a high degree of discipline on its membership. Even so, this has not prevented internal disputes from arising -- more as a result of ideological hair-splitting and tactical differences rather than strategic disagreements -- between Tupamaro, Trotskyite, Leninist, other orthodox Marxist currents, and non-Marxist union factions.

It should be obvious that even in the best of circumstances the interests of rank and file, shop unions, sectoral or industrial level unions, and state or national federation leaderships often differ on both procedural and substantive grounds. In particular, the logics of collective action governing shop level unions and central labor federations often lead to opposed orientations and strategies, which complicates the issue of labor unity for structural reasons even under ideal conditions.⁸¹ In any case, since the disarticulation of organized labor at the national level was a primary objective of each of the outgoing authoritarian regimes, and since capitalists in all three countries have nationally representative peak associations speaking for them, it should be apparent that the achievement of an organizational ability to speak with one voice through peak associations remains a fundamental task for organized labor during the process of democratic consolidation in each. For this reason, the level at which

collective bargaining is legislatively fixed is of crucial significance for organized labor, since it can either strengthen or weaken the negotiating position of its peak associations. Hence the choice offered by the new democratic regimes in this area -- proposed legislation fixing collective bargaining at the plant, firm, industry, sectoral, or national level -- not only influences labor strategies; it also provides a strong indication as to whether and how each regime is interested in promoting organized labor incorporation into the democratic consolidation process. Conversely, the response of labor and its own initiatives in this area tell much about their respective organization, objectives, orientation, and strategies.

Beyond issues of altruism and the need to secure as broad a social base as possible, governmental preoccupation with including organized labor in the democratic consolidation process can also derive from the belief that it offers benefits in the form of reciprocal legitimation. That is,

"it would seem that the establishment of a political democracy under conditions of contemporary capitalism where the state has a substantial responsibility for intervening in the economy and society -- and is held accountable for its performance in doing so by the electorate -- requires, in addition to the competitive interaction of political parties, some effort at establishing a system of regularized bargaining between social parties, usually nationally aggregated, comprehensive class associations, which will help to control certain economic parameters and to ensure a higher level of social peace. . . In the more uncertain conditions of an on-going consolidation of democracy, their contribution may even be more important. For, in addition to their potential role in controlling economic parameters pacts of this sort may play a crucial 'legitimizing' role. The associations require public recognition of their status as privileged (if not necessarily monopolistic) intermediaries; the new regime needs to prove to the public that it is capable of producing a class compromise and generating social peace. This potentiality for "reciprocal legitimation" is, however, no assurance that the "social partners" -- business, labor, and the state -- will find it easier to reach agreements and, especially, to implement them. To a considerable extent, this will depend on the organizational structure and resources of the peak interest associations which emerge from the transition process. ."82

In fact, in democratic systems the benefits of reciprocal interaction goes beyond mutual legitimation. That is, reciprocal interaction between collective representatives of voluntary associations and formal political institutions such as political parties not only provides checks and balances on the democratic state and a measure of legitimacy, it also "enriches the institutional landscape of politics, supplementing the role of political parties in articulating interests, stimulating participation, increasing citizen efficacy and effectiveness, recruiting leaders, and enhancing commitment to the democratic system."⁸³ This is often reflected at an organizational level on both sides. In Venezuela, for example, "the operational norms of most associations are modeled on those common in the political system. Competitive elections are standard practice, the rights of opposition are generally respected, and opposition representatives commonly share in group governance through proportional representation. In all these ways, organizational life reflects and reinforces more general political principles."⁸⁴ This is, in effect, the substantive institutional basis of the Venezuelan democratic regime.

Broadly speaking, the main reason most democratic capitalist governments are preoccupied with union structure, and why they emphasize the value of centralized nationally-aggregated labor federations, is that such entities are the most capable of negotiating and enforcing wage agreements that are binding nation-wide. This is especially important during periods of recession, rising inflation, or where wage increases have been a major accelerant in the inflationary spiral. Seen from another angle, it is more probable that the limited nature of their concerns and microeconomic level at which they operate make autonomous shop and industry level unions less interested in wage restraint even during times of economic crisis, unless it

is directly exchange for employment stability. This is because rational calculations of material self-interest advise against practicing wage restraint when general guarantees of across-the-board union compliance are not possible. Moreover, the function of these unions is to keep their member's incomes ahead of inflation, not make them responsible for fighting it. Hence, with each union using this type of logic, sub-national and sectoral unions operating in decentralized, disaggregated labor systems have no rational reason -- beyond appeals to "civic mindedness"-- to accept wage restraint. Instead, and especially under conditions of economic crisis and high inflation, such unions adopt strategies which are designed to secure short-term maximum wage increases regardless of the cumulative negative impact on the national economy.⁸⁵

It should be pointed out that there is one situation where national labor federations are virtually certain to adopt precisely this approach: that where the overall national rate of investment (particularly the rate maintained by domestic capital) is shown to be on a long-term decline. In such cases labor can foresee little or no investment occurring in the future, and without governmental or private attempts to remedy the situation, can be assured of an eventual loss of employment. In such cases the advisable strategy is to maximize short-term wage gains as much as possible, regardless of the self-fulfilling nature of that approach. It is precisely this problem that currently confronts the Argentine labor movement, one that is shared to a lesser extent by its Brazilian and Uruguayan peers.

This last situation notwithstanding, national labor federations, with their broad and heterogeneous constituencies and macro-economic focus, are generally believed to be more amenable partners for democratic capitalist governments pursuing economic recovery programs (via concertative strategies

or not). Centralization, moderation, and the binding qualities of nationally representative leadership consequently constitute the organizational characteristics favored by these governments when seeking labor incorporation in the policymaking process. This is not to say that all democratic capitalist governments would like to see such characteristics, and that the specific governments in question here would not like to see the labor movements disarticulated, decentralized, divided, and thereby weakened to the point that they are easily subjected to unilateral government or employer controls. This argument is frequently made by labor critics of government policy in all three countries and appears closest to the truth in Brazil. Even so, and whatever the specific motivations involved, we can assume that where labor is well organized and active at both the political and economic levels, and where it can potentially play a stabilizing influence during the process of democratic consolidation, the value of centralization and authoritative national representation will become a paramount concern of government policy-makers.

It is ostensibly these reasons which have prompted the Argentine government's attempts to revise the Law of Professional Associations, the basic legal charter regulating the structure and behavior of labor unions and federations. In the eyes of the Peronist leaders of the union movement, however, it is a desire to destroy the institutional foundations of Peronism which fuels the proposed revisions of the union charter, and they have so far successfully opposed it (the first attempt to revise the Law of Professional Associations was defeated in Congress in February, 1984, and was Alfonsín's first major political defeat). In the end, the government may accept an arrangement where the "vertical" structure of the Argentine labor movement is traded for labor participation in concertative frameworks or cooperation with

specific government projects (both economic and political). Here again, the issue is one of choice, specifically that presented to organized labor by the new regime with regard to its internal organization and potential role in the national economic and political process. In any event, reciprocal interaction and legitimation ultimately derive from a shared belief in the benefits of equitable social exchange. Specifically, the "social partners" assume certain internal costs, share limitations on their ranges of action, and most importantly, accept the mutual benefits accrued through this type of strategic interaction -- the right to private property and profit for capital, social peace, economic growth, and political legitimacy for the state, and a more equitable and participatory role for organized labor in the economic and political process (translated into a higher and more egalitarian quality of life for the working classes).

V. Regime Type and Labor Incorporation as a Political Actor

If we accept the argument that class compromise between the working classes and other socioeconomic groups is required for the maintenance of democratic regimes, then it follows that some institutional forum must exist in which organized labor is able to formally counterpose its position against those of competing social groups. This is especially true for countries like Argentina, Brazil, and Uruguay, where sustained industrial growth during the postwar period, although varying in extent, sectoral impact, specific character, and over-all success, fostered the rise of organized labor as a major political and economic actor. In fact, the rapid growth and political mobilization of organized labor played a major role in bringing to power the military-bureaucratic authoritarian regimes that preceded the new democracies in all three countries. That is, the growth and mobilization of the organized working classes was perceived by the military hierarchy and dominant fractions

of the bourgeoisie as posing a serious threat to the capitalist parameters of their respective societies, something that in each case required an authoritarian move to forestall such a possibility. It is now well known that this reaction had a extremely adverse impact on the economic, political, physical, and spiritual fortunes of the working classes. What is important for us to consider is that the ultimate success of the processes of redemocratization witnessed by these countries absolutely requires the re-incorporation of organized labor as a primary political and economic actor, and that it be on an equal footing with other socio-economic groups when addressing its collective interests before the democratic state.

The notion of incorporation has recently received serious attention with regards to both Latin America and Western Europe. Broadly understood as the period in which the labor movement is initially given a participatory role as a political and economic actor by specific regimes, incorporation is believed to be a process that leaves a lasting--and often distinctive--structural legacy in the countries in which it has occurred.⁸⁶ In Latin America the original period of incorporation -- which was formalized through legal recognition, the institution of state-mediated collective bargaining, and the extension of (often union-managed and state-financed) social welfare programs -- generally occurred under a variety of regime types between the 1930's and 1950's (where it did occur).⁸⁷ However, in the Southern Cone most recent regime approaches towards labor have been uniformly exclusionary at both the political and economic levels. Thus the specific "historic memory" and characteristics of each labor movement, the respective particulars of the original incorporation periods experienced by each, and the extent of the exclusion to which they were subjected under the preceeding military regimes, all have a distinctive impact on the particulars of each process of re-incorporation.⁸⁸

Other work confirms the importance of such processes. For example, J. Samuel Valenzuela has constructed a heuristic typology of labor movement insertion in 20th century capitalist political systems based on four inter-related variables: the historical pattern of labor organizational consolidation, the unity or fragmentation of the labor movement, the nature of labor-party ties, and the regime type under which labor is "inserted."⁸⁹ In particular, he argues that the initial process of labor movement formation and the political context in which it was originally recognized as a legitimate articulator of working class interests [i.e. "incorporated"] have a strong influence over subsequent patterns of labor insertion in modern political systems.⁹⁰ Using observations of Western European and South American experiences, Valenzuela has deduced five modes of labor insertion in capitalist political systems. Under democratic regimes, there are three modes of insertion: the social democratic mode, where a united labor movement is tied to a strong political party (for example, in Sweden); the contestative mode, where the labor movement is deeply divided by ideological or partisan differences which are replicated in party affiliations (such as in France); and the pressure group mode, in which a functionally or sectorally differentiated labor movement is loosely tied to non-labor parties or fractions thereof (as in the case of the U.S.). Under authoritarian regimes, he identifies the state-sponsored mode, in which unions and parties are promoted (if not created) by government elites, leaving little room for independent factions (with the Estado Novo and Peronist regime of 1946-1955 being good cases in point); and the confrontationist mode, which is found in unstable political systems in which democracy and authoritarianism alternate frequently, and where the labor movement is generally in opposition and supercedes political parties as the agent of working class political

mobilization (post-1955 Argentina is a typical example, as is the current Chilean situation). Beyond that, each mode of insertion evidences more specific variations based on individual context and circumstances. Nonetheless, Valenzuela claims that these five general modes stand out as the main forms of labor insertion in the 20th century, and all have as a central component a particular type of labor incorporation into the political process. Needless to say, the combination of previous history and particular dynamics of redemocratization and democratic consolidation make such observations extremely pertinent to the cases studied here.⁹¹

To this can be added changes occurring in the international and domestic markets and the workplace. Technological progress, the shifting international and domestic division of labor, the introduction of new consumer preferences and consumption patterns -- these and other factors all have a decisive impact on the organization of working class interests at a national level, and hence will play a role in the way in which labor is incorporated into different processes of democratic consolidation. It should be underscored, though, that here regime type plays a decisive role, since specific political regimes represent particular constellations of economic and social interests, and therefore condition the way in which market changes and technological progress influence the domestic workplace and overall tenor of the labor relations system. Thus, while the political may not be absolutely dominant over the economic and technological, it is clear that there exists a strong relationship, if not reciprocity, between the two types of variable with regards to their impact on working class representation and political behavior.⁹²

It is generally argued, hence, that the mode of incorporation of social groups and political actors varies according to regime type, and

depends on systemic conditioners at play during specific phases of national economic and political development.⁹³ For example, the initial process of incorporation experienced by Argentine labor from 1943 to 1955 -- a populist authoritarian mode of incorporation characterized by a high degree of personalism and the vertical representation of organized interests in an inclusionary state corporatist framework -- can not be replicated now (if this indeed was the intention) due to a variety of economic, historical, political, and sociological (not to mention normative) reasons. In particular, the democratic mode of incorporation is considered to be significantly different from the populist variant, to say nothing of military-bureaucratic attempts at exclusion.

"It is, of course, only the integrative mode of inclusion that, other things being equal, can on a long-term irreversible basis accommodate the massive entrance of new participants into the political game without reinforcing any tendencies towards a breakdown of the parliamentary institutions and the imposition of dictatorial solutions. It is only within an integrative system that the new entrants, given the horizontal, nonpersonalistic mechanisms of inclusion, will reinforce the strength and autonomy of existing collective organisations. Only then can the distribution of political power, on the level of collective action, be organised in such a way that extreme polarisation between rulers and ruled is avoided and civil society is strengthened by becoming more resilient to state manipulation -- and this type of strengthening, as the English model of political development has shown, presents no threat to the bourgeois order but, on the contrary, further legitimises it by making it more hegemonic."⁹⁴

The question of hegemony aside, it should be clear that the democratic mode of incorporation, whatever its specific historical character, has an integrative orientation that is manifested in a series of structural arrangements evident in the organization of social group interests, the type and character of the institutional channels of political representation available to them, and in the organization of branches of the state responsible for administering the contending interests of various social

groups. The question of the relative autonomy of civil society under democratic capitalist regimes is more difficult to answer, as it transcends purely structural transformations. Moreover, it ignores the issue of the relative autonomy of the democratic state vis-a-vis different fractions of civil society, which is also believed to increase relative to authoritarian capitalist regimes.

Of course, Marxists have long argued that this relatively higher degree of autonomy is ultimately inconsequential, since both society and the state remain structurally dependent on capital for systemic reproduction. The difference between authoritarian and democratic capitalism is therefore one of degree (of repression and exploitation) rather than of substance (or choice). Recently, however, a provocative argument has emerged within the Marxist camp that challenges the assumption that the democratic capitalist state is structurally dependent on capital.⁹⁵ On the one hand, this argument accepts the Gramscian emphasis on the dialectical interplay between structural and superstructural conditions, which broaches the possibility of distancing -- although never separating -- the two spheres. On the other hand, the argument specifically posits the notion that the state can tax capitalist consumption (i.e. unproductive capital) for redistributive purposes while simultaneously offering incentives for investment which encourage productivity increases and overall economic reproduction. Again, we see that the state frames the range of choice available to (in this case) capital in order to better assure the harmonious reproduction of consent at both the structural and superstructural levels. It is for this reason that the state, and the range of choice that it presents to capital and labor, constitutes the core of the hegemonic system.

Even so, the increased level of autonomy required of the state in order to fulfill such a role -- as the agent which "concretely coordinates" the

interests of dominant and subordinate groups in democratic capitalist societies -- has in practice generated a strong resistance in a number of countries (such as the U.S. and Great Britain), where this is believed to have negative implications for individual freedom, ranges of choice, and strategies of action. This not only makes the degree of relative state autonomy under democratic capitalism both a fluid and politically sensitive subject; it also questions the very feasibility of class compromise in certain democratic contexts. Moreover, if the ultimate mission of the democratic capitalist state continues to be that of ensuring systemic reproduction at all levels, it also continues to be supportive of the capitalist mode of production, no matter what its degree of autonomy from the capitalist classes. Hence, it may well be that the semantic difference between the terms "supportive" and "structurally dependent" reflect the basic difference between authoritarian and democratic capitalist states.⁹⁶

In any event, leaving aside the larger question of structural dependence (comfortable in the knowledge that others are better equipped to address the issue in depth), the immediate issue to consider is that the state apparatus and various sectors of civil society are generally considered to enjoy higher levels of autonomy under democratic capitalist regimes than under authoritarian capitalist regimes. If true, this should be well reflected in countries which have experienced a transition from one regime type to the other (whichever direction this transition make take), and in the cases studied here, in an increase in state and societal autonomy relative to the previous regimes.

Ideally then, with regard to democratic incorporation and subsequent consolidation, it should be the autonomous, nationally-aggregated collective agents of various social groups, in an institutional forum provided and

mediated by the equally autonomous democratic state, who would negotiate (on rationally calculated grounds of material self-interest) the terms of a democratic class compromise. This requires that both the state and the collective agents of the labor movement achieve some distance with respect to each other and with respect to their respective bases. Thus, for the union movement the issue of autonomy has a two dimensions, as it is relative to the state on the one hand, and to the rank and file on the other. For the state, the issue is similar, although the actors in question differ: autonomy is relative to the labor movement on the one hand, and to capital on the other. With such distance achieved, both the state and labor can offer each other certain benefits. The state offers labor unions welfare legislation, redistributive economic policies, and individual and collective recognition as legitimate bargaining agents for their membership, while the unions offer the state domestic order (i.e. no strikes), productivity, and consumption. The relationship between the state and labor under conditions of democratic consolidation can therefore be seen as a broad and highly fluid bargain (here phrased in ideal terms). When the quid pro quo breaks down, the state must resort to repression, while the labor movement resorts to (often violent) opposition or subordination. Hence, there is an effort on the part of both actors to establish some basic grounds for consensus in order to preclude that possibility. In practice, this promotes a bureaucratic dynamic within both the state and collective agents that is disposed towards structural arrangements that utilize them in pursuit -- however so elusive -- of a negotiated compromise (i.e. a socio-economic "pact"). That is to say, relative autonomy aside, the various social "partners," both public and private, have strong reasons to seek to perpetuate the democratic class compromise, as it reinforces their (organizational) positions as major economic and political actors.

As a result, in countries such as these where the working classes are relatively large and/or well-organized, and in which they were systemically excluded from the political arena by the previous authoritarian regimes, the promotion of class compromise requires of the new democratic regimes that they award importance to the specific demands and ongoing interests of organized labor, and that they consequently provide some form of institutional framework in which these demands and interests can be voiced, juxtaposed and weighed against those of employers and other economic actors, and ultimately negotiated to a peaceful resolution. This institutional framework, in other words, becomes the primary forum in which the structural bases for democratic class compromise are achieved.

Taking into account the size, recent history, and important postwar political role played by organized labor in all three countries, coupled with its central position in the initial process of re-democratization experienced by each, it seems reasonable to infer that the branch of the state that has traditionally been responsible for labor relations be used as the primary institutional forum for promoting democratic class compromise in all of them, and will therefore be awarded high priority by each of the new democratic regimes. More specifically, this may well entail major reorganization of the existing institutional frameworks and labor relations systems, since the previous structures and laws were designed and/or used by the preceeding military-bureaucratic authoritarian regimes as instruments of political domination and economic exclusion that subsumed working class concerns to those of competing economic and political interests.⁹⁷

The importance of these organizational changes cannot be over-emphasized, as they represent changes in the institutional parameters and "policy spaces" that condition the early range of choice available to organized labor when

juxtaposing its interests against those of competing groups. These early choices influence the subsequent evolution of political and economic competition, and "are likely to have a lasting effect on the resources and internal organization of interest associations -- which in turn will predispose them to a particular role in different types of democracy."⁹⁸ It is therefore possible to conceive of the process of regime installation and maintenance as involving a specific mode of incorporation based on a particular range of choice presented, via institutional arrangements, to key social actors (in this case organized labor). Phrased differently, a select range of choice among economic and political options is presented by a regime (in the form of who it goes after, how it does so, and what it offers), using the state as the instrument of application, in order to encourage the participation of important social actors in maintaining the regime. In Gramscian terms, this range of choice can be considered to be the essence of the hegemonic project of different types of regime. Differences in the framing of these choices, both in terms of institutional vehicles as well as the specific options offered, are what allow us to distinguish between the projects proposed by each regime. In turn, the material and normative objectives, degree of cohesiveness, organizational framework and capacity, and resource endowment of various social actors influences their perceptions of choice when considering the projects of different regimes, and is what ultimately prompts them to support some and not others. Hence, with regard to organized labor and its role in the process of democratic consolidation "(a)t the political as much as at the industrial level much can be learned of why various labor actors behave the way they do by looking at the logic of their situation, inspecting the means available to them to pursue their goals, and the social context which provides them with a more or less limited set of opportunities and constraints."⁹⁹

For these reasons, the successive, closely linked processes of democratic incorporation and consolidation ultimately rest on a network of institutional conditioners which frame the range of choice available to social actors and which consequently determine the rational calculus that underlies the strategic interaction between them and the state.¹⁰⁰ Organizational frameworks and rules constitute the institutional parameters that determine what forms of collective action are feasible for different social groups and political actors (both public and private). Hence, "given a distribution of economic, ideological, and organizational resources, the manner in which conflicts are organized determines which interests are likely to be satisfied, which are unlikely to be satisfied, and, more importantly, the variety of interests that are at all likely to be satisfied."¹⁰¹ This conditions the range of choice available to each actor, which in turn determines calculations which define the nature and content of the strategic interaction between them. This variable range of choice, translated into different types of strategic interaction between collective agents, political parties, and branches of the state, determines the range of possible outcomes, only some of which are conducive to the class compromise required for democratic consolidation (and with many in fact working against it). It goes without saying that the entire process is a highly dynamic, when not dialectic continuum, and is eminently susceptible to reversal, interruption, or collapse. The basic point is that at every level -- institutional conditioners, forms of collective action, ranges of choice, types of strategic interaction, and possible outcomes -- the combined process of democratic incorporation and consolidation exhibits specific characteristics not shared by other regime types.

It should be underscored that limits on respective ranges of choice mutually imposed (albeit to different degrees) by contending social actors lie

at the heart of notions of relative power, be it economic, political, social, or physical. That is, it is the ability to impose finite limits on another's range of choice, rather than strictly the ability to get him/her to act or not act in a fashion contrary to his/her subjective or objective interests and desires, that defines the relative power exercised with regard to another. In modern societies, such limits on individual and collective choice are imposed by public institutions which not only aggregate and codify the sum total of individual power available in a polity, but also the moral and legal guidelines that serve as the ethical foundations for the ordering of preferences in a society.¹⁰² It is therefore the relative power of the democratic state qua superordinate public institution, and how this power is institutionally manifest and exercised, which frames the range of choice that determines whether labor is incorporated into the democratic consolidation process. This again raises the issue of state autonomy, since it implies the diminishing of overtly instrumental manipulation of the state apparatus by dominant social groups and/or political elites.¹⁰³

Democratic incorporation therefore requires that the range of choice presented to labor by the state be perceived by labor to be comparatively equal to that of other social actors, particularly capitalists. The institutional framework provided by the democratic state provides the concrete guarantees that such is the case, and is what allows labor and capital to negotiate as equals the terms of the democratic class compromise. In turn, it is this relatively equal range of choice, and the procedural neutrality of the state when enforcing the terms of choice once they are accepted, that distinguishes the project of democratic regimes from those of other regime types. That is, through the specific range of choice provided by state-provided and enforced inducements and constraints, capital and labor are

incorporated on equal terms as fundamental social pillars of democratic regimes. Even so, and despite the fundamental issues this raises, there are currently no studies that examine the role, structure, and functions of national labor administration in the processes of re-democratization that have occurred in the Southern Cone.

VI. Labor Administration In The Southern Cone

This gap is particularly notable in light of the relative paucity and general orientation of the literature on labor administration and labor relations in South America. Apart from the works of Victor Alba, Robert Alexander, Davis and Goodman, Julio Godio, Hobart Spaulding, and Howard Wiarda, little has been written during the past twenty five years that comparatively examines the role and structure of national labor administration in Latin America.¹⁰⁴ Moreover, most of these studies, as well as earlier works such as those by Poblete Troncoso, are more exercises in descriptive history rather than analytical examinations of Latin American labor relations systems.

As for the remaining literature, most recent studies of organized labor in Latin America have concentrated on the corporatist character of individual national labor relations systems, and have seldomed ventured to undertake cross-national comparisons.¹⁰⁵ Though they identify differences among the types of corporatist approach employed (state or societal, inclusionary or exclusionary), these works have seldom addressed the position of national labor administration in democracies. Whatever its precise configuration, corporatism has largely been associated in Latin America with authoritarian rather than democratic rule, this despite recent European studies that demonstrate that democracies exhibit certain corporatist traits as well.¹⁰⁶ In

fact, it has been suggested that (democratic) corporatist arrangements may simultaneously increase the certainty of both classes that a class compromise will hold, and hence will yield significantly superior outcomes.¹⁰⁷ While the authoritarian bias of most of the Latin American corporatist literature may well be a reflection of the times (since at one point in the mid-seventies, when the literature on corporatism was in full bloom, every country in the Southern Cone plus Bolivia, Paraguay, and Peru were governed by authoritarian regimes of one type or another), it seems less certain that this applies to the institutional frameworks promoted by the new democratic regimes of the eighties.

As a result, at this unique juncture in the political histories of Argentina, Brazil, and Uruguay, there exists no work that either individually or comparatively examines the differences between national labor administration under the new and old regimes, much less the vital role played by national labor administration in promoting the class compromise requisite for democratic success over time.

But why, one might ask, should we focus on labor administration as the primary agent of labor incorporation and eventual class compromise, as opposed to, say, other branches of the state involved in the economic policy-making process? Mainly, because labor administration is a primary institutional arena in which economic projects contend with the realities of policy implementation in heterogeneous societies divided along socioeconomic class lines. That is because agencies such as ministries of Economy are generally responsible for formulating economic "grand strategy," i.e., the broad parameters and long-term orientation of a regime's particular economic project. Other agencies of this sort (such as ministries or secretariats of Agriculture, Finance, Industry, Commerce, and Trade), each with a more

specific specialization in some aspect of that project, segmentally translate and implement elements of the "grand strategy" in their respective areas (at the tactical level, as it were). At most, they receive the segmental feedback of various propertied groups, each with a specific economic interest. However, although obviously important in their own right, none of these state agencies translate said project into labor policy and thus do not directly receive the feedback generated by the organized representatives of the labor movement, who represent the work force in public and private enterprises which span a wide range of economic activity. That is the province of labor administration, which traditionally contains the organizational and legal framework in which regime economic projects contend with the economic and political projects and strategies of the working classes. It is therefore the principal state agency for incorporating labor in the quest of a class compromise. Hence, while it is used as an instrument of exclusionary control by authoritarian capitalist regimes, in capitalist democracies labor administration becomes the main institutional vehicle for reproducing the labor consent necessary for achieving democratic class compromise.

All of this has generated a bureaucratic dynamic that seeks to perpetuate the important role played by labor administration, and which is intrinsically amenable to tripartism. For example, while other state agencies are engaged in tasks connected to the implementation of economic programs, in some parts of Latin America,

"on the side of labour administration there was also (a) marked interest in promoting the participation of the social partners in the elaboration and application of labour policies. It was fully realized that without the support of the organizations directly concerned it would not be possible to implement government policy. How could labour standards be effectively applied, or substantial employment promotion measures be taken, or vocational training be really fostered without the co-operation of the

unions and employers who would be the first to be affected by these policies? Tripartism, moreover, served a double purpose: firstly, discussions between the parties and the labour authorities made it possible to reach the minimum degree of social consensus required for production activities to be carried out normally; secondly, tripartite co-operation provided labour ministries with the opportunity of joining forces with organizations of employers and of workers so as to strengthen their own position vis-a-vis government bodies and the community as a whole and thereby accentuate their role in the process of economic and social development.¹⁰⁸

It should be obvious that there has been considerable variation in the degree to which national labor administration in different countries has been able to achieve either this ostensible objective or the degree of autonomy that it requires. Not surprisingly, best success has been achieved in stable democratic regimes such as that of Venezuela. Conversely, the recent experience of labor administration in the Southern Cone has seen its position severely curtailed as cooperative orientations gave way to the exclusionary policies of military bureaucratic regimes. In any case, it should be equally clear that labor administration has been the traditional vehicle for overseeing labor incorporation or exclusion, is therefore likely to be the primary institutional forum in which the specifics of democratic class compromise are worked out, and will thus be awarded considerable priority by the new democratic regimes in the Southern Cone. As such it should be the object of more detailed analysis.

Focus must specifically center on the two dimensions of Argentine labor administration that together constitute what is known as the national labor relations system. At an external level (that is, outside the state proper), we must identify the labor strategies adopted by the democratic regimes, and the legislation and other legal or material instruments used to implement these strategies and regulate the activities of the organized labor movement.

As part of this review, these measures must be related to those that were employed by the previous regimes.¹⁰⁹ At an internal level (that is, within the state apparatus), a number of variables within national labor administration need to be examined. Grouped into three broad organizational categories -- structure, budget, and personnel -- these variables include organizational hierarchy, jurisdiction, and internal emphasis, personnel backgrounds, distribution, and turnover, and budgetary size (both in total amounts and as a percentage of central administrative outlays) and internal distribution. While all of these countries have Labor Ministries that serve as lead agencies in their respective national labor relations systems, focus on these variables allows for more precise analysis of the role and structure of each, which in all cases will be related back to the frameworks used by the previous regimes in order to discern areas of continuity and change.¹¹⁰

Less the importance of these internal variables not be readily apparent, let us briefly elaborate on the notion that regime type has a decided impact on labor policy and the conformation of the branch of the state responsible for implementing that policy. Consider, for example, that the structure of national labor administration (including hierarchies, formal mission and modes of interaction), identifies the way in which public resources and policy responsibilities are distributed within the labor relations system. A detailed budgetary analysis in turn identifies salary versus non-salary allocations, at what level financial authority is vested, the type of financing used, and what functional areas are awarded financial emphasis. Personnel data rounds out the internal picture by identifying who operates the national labor relations system, their training and social backgrounds, and their individual roles. Together, such individual and organizational resources and strategies, informal and formal rules, allocation procedures,

and recruitment patterns all influence the formulation and implementation of labor policy within the general parameters established by each regime. This emerges in the form of decrees, edicts, laws and resolutions enforced by the Labor Ministry and affiliated agencies (as the formal manifestation of the external dimension of national labor administration) which serve as the parameters framing the range of choice presented by the regime to organized labor. It is consequently the nature of these internal variables, and how they interact with the previously mentioned external variables (macroeconomic context and sectoral strategies) that gives precise character to the labor relations system in each case. Hence, we must acquire a detailed appraisal of the oft-overlooked internal dimension of national labor administration, since it is the organizational base upon which rests the external dimension of a regime's approach towards labor.

We can then proceed to determine whether and how these external and internal dimensions of national labor administration are combined with employer inducements and constraints in order to provide an institutional framework for achieving the structural bases of democratic class compromise between the organized working classes and other socio-economic groups.¹¹¹ The differences between each of the labor movements in question, particularly their negotiating strategies, organizational bases, ideological orientations, and relative economic and political strengths, will be related to the different approaches adopted by each of the new democratic regimes. In addition, we must account for how differences in the type of transition to democracy experienced -- managed political opening or "abertura" in Brazil, voluntary military withdrawal from power in Uruguay, authoritarian collapse in Argentina -- were reflected in the institutional framework erected within national labor administration after the elected regimes were installed.

Finally, it must be determined whether non-corporatist approaches to national labor administration surfaced along with re-democratization, or if the character of corporatism changed in each case (e.g. from state to societal corporatism as in the case of many Western European democracies). This will allow us to test assumptions about the relationship between regime type and corporatism in Latin America, as well as more specifically identify the nature of national labor administration in each country.

VII. Regime Type and State Structure

Such a focus arrives at an opportune moment, as it extends the thrust of recent comparative research on the state and regimes. Already there is evidence to suggest that the role, structure, and functions of national labor administration vary according to regime type.¹¹² This tends to confirm, at least partially, more general observations about the different organizational characteristics exhibited by the state under different types of regime (and even among the same regime-type).¹¹³ In a series of path-breaking essays, Oscar Oszlak and Guillermo O'Donnell have demonstrated that in Latin America, the organization of the state apparatus offers clear and concrete evidence of the type of political regime in power.¹¹⁴ As the preeminent institutional actor, the state manifests the social, economic, political, and military objectives of regimes, since translating policy objectives into action requires an organizational capacity to do so. In this regard, we can conceive of national state organization -- that is, the role, structure, and functions of the state apparatus, both generally and in terms of specific branches in "core" areas of endeavor -- ¹¹⁵ as a reliable political indicator of the regime in power.¹¹⁶ It should be obvious that this has both theoretical and practical implications that extend far beyond mere academic exercise.

In terms of recent Latin American experiences, Oszlak provides valuable synoptic descriptions of the state apparatus under several different types of regime. Bureaucratic-authoritarian (BA) regimes adopt pyramidal structural hierarchies characterized by parallel (most often military) control hierarchies. They undertake a program of rationalization, de-concentration, and subsidarization of functional responsibilities, coupled with an efficiency-based management orientation. Financially, BA regimes employ universalist budgetary schemes governed by authoritarian allocation procedures. At the personnel level, there is often a virtual "colonization" of the state by active or retired military personnel.¹¹⁷

Under liberal democratic regimes (which have admittedly been few in Latin America), Oszlak uncovered poliarchic (following Dahl's definition) hierarchical structures in which control hierarchies are shaped by public opinion, political parties, and the pressures exerted by representatives of important social groups. Organizational autonomy (which will be elaborated upon shortly) and de-centralization, coupled with a clientalistic orientation, are the functional hallmarks of states controlled by these regimes, though this often leads to the duplication of agencies and overlapping of responsibilities. At a budgetary level, financial autarky and competitive allocation procedures are the norm. In terms of personnel, there is a clear move towards populating higher-echelon positions in the state apparatus with career public servants, although the clientelistic orientation of specific state agencies promotes a relatively high level of upper-echelon personnel turnover (due to the pressures exerted by "clients" in civil society).

Patrimonial regimes erect radial hierarchical structures with personalist control channels, and superimpose these on a highly formalized (when not sclerotic) bureaucracy subordinated to ad-hoc decision-making agencies (the

so-called patrimonial "court"). Financial resources are concentrated within the executive branch and subject to discretionary allocation criteria. Personnel selection is highly personalistic and ascriptive in nature.¹¹⁸

As alluded to earlier, recent studies suggest that these general differences are replicated at a microanalytic level within specific branches of the state, although the precise organizational traits in question often vary between different "core" branches of the state as well as among regimes (between national labor and health administration, for example).¹¹⁹ Again, these organizational differences are linked to changes in the content of public policy. For example, even when taking into account several constraints which diminish its sectoral impact at specific points in time, Benjamin Most has demonstrated that regime change has a significant influence on both public policy and the broad contours of state organization in modern Argentina. This tends to confirm the general observations made by Oszlak and O'Donnell.¹²⁰ Elsewhere, T.J. Bossent has made similar arguments about the impact of regime types on state structures and public policy in Nicaragua and Guatemala.¹²¹

The basic point should be quite clear. Though dissimilarly filtered into organizational reforms, and although often promoting different traits in different "core" areas of state activity, regime change has strong impact on public policy, and hence on the role, structure, and functions of the national state apparatus. This impact is particularly felt in those branches of the state with important (when not critical) domestic responsibilities. That is, while externally-oriented branches (the military apparatus and diplomatic services) may have requirements that diminish the impact of regime change on their organizational framework (but not as much on their policy orientation), internally-oriented branches connected to important domestic issues tend to be influenced by regime change in more direct and immediate fashion.

AD-A194 823

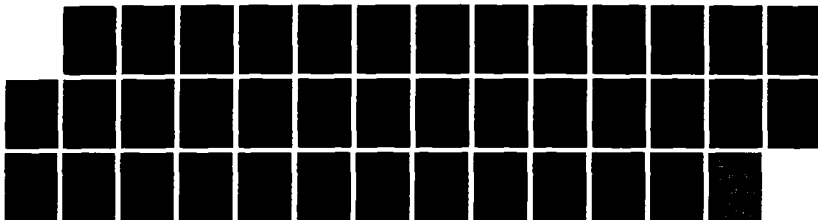
STATE LABOR CAPITAL: INSTITUTIONALIZING DEMOCRATIC
CLASS COMPROMISE IN THE SOUTHERN CONE(U) NAVAL
POSTGRADUATE SCHOOL MONTEREY CA P G BUCHANAN AUG 87
NPS56-87-885

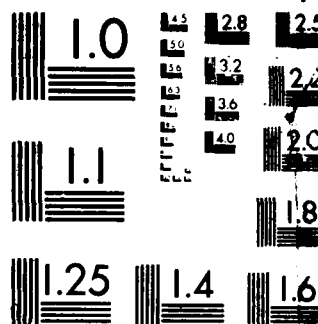
2/2

UNCLASSIFIED

F/G 3/4

NL





MICROCOPY RESOLUTION TEST CHART
NATIONAL BUREAU OF STANDARDS 1963-A

legacies they inherited, national labor administration constitutes one such "core" area of state activity in each of the cases examined here. More importantly, the position organized labor occupies in all three countries makes the role and organization of national labor administration a central concern of all of the new democratic regimes in the Southern Cone. This is especially true if we factor in the role it potentially plays in fostering the establishment of the structural bases of democratic class compromise between organized labor (as the collective agents of the working classes) and employer-producer groups (as the collective agents of capitalist interests).

To questions deserve additional mention. First, much has been said about the "relative autonomy" of the democratic capitalist state. That is, the state under stable democratic regimes in capitalist societies is believed to contain relatively autonomous bureaucracies that are un beholden to specific class interests, and which in fact have particular institutional interests of their own. At worst, it is believed that this merely disguises the class domination upon which the bourgeois state is founded. At best (and more pertinent to our concerns), this allows for a degree of institutional neutrality and flexibility that is conducive to class compromise.¹²²

The relative autonomy of the democratic capitalist state is the subject of much debate.¹²³ For our purposes, a refinement of the concept is necessary. Using functionalist criteria, the notion of state autonomy must be split in two in order to better reflect its different levels of operation. Hence, normative autonomy refers to the ability of the state to formulate policies free from the overt interference of competing sectors of civil society (more subtle pressures and political bargaining instead serving as motives for discrete change within the general parameters established for such policy-making). Operative autonomy refers to the ability of the state

apparatus to implement policies free from these pressures. Though often closely linked, each level of operation is a distinct element in the the policy process, and may vary considerably in terms of autonomy. Taken together, at sufficiently high levels these both constitute what is commonly referred to as the procedural neutrality of the democratic capitalist state.

The basic issue is therefore one of relative "permeability." That is, how permeable are the apex of the state, or government (at the level of normative autonomy), and specific branches of the state (at the level of operative autonomy), when confronted by the competing pressures exerted by different sectors of civil society? Arguments by Skocpol and others suggest that the degree of permeability of the democratic capitalist state is low.¹²⁴ Oszlak and others have argued that just the opposite is the case in Latin America (hence the "clientalistic" orientation of the public bureaucracy), something that I have found to be true in a study of the modern Argentine state.¹²⁵ Elsewhere (as in France), it has been argued that the influence of social groups "is felt in the state agencies in which they have representation."¹²⁶ Likewise, regarding Latin America, it has been argued that within the state apparatus, "the power bloc is heterogeneous rather than monolithic, divided by contradictions between factions and institutional orders, and eroded by pressures from other classes, groups, and social movements. Different sectors and branches of the state become seats of power for representatives of nondominant groups competing for control."¹²⁷ This broaches the question as to whether different components of the state such as the economic-policy and labor administration branches adopt, modify, reformulate, or dilute sectoral positions and strategies in order to play them out within the Executive domain (at the cabinet and sub-cabinet levels presumably). If that were the case, it suggests that the locus of negotiation over the terms of the democratic class

compromise occurs within the state apparatus, as well as or instead of between the social partners directly.

In a related vein, O'Donnell has pointed out the apparently (authoritarian) regime-specific segmental "capture" of certain branches of the state by influential social groups, in a form of inclusionary societal corporatist scheme that often "bi-frontally" parallels exclusionary state corporatist arrangements that are designed to control, rather than administer the interests of subordinate social groups.¹²⁸ For example, under the "Proceso de Reorganización Nacional," state autonomy at both levels was low in the civilian controlled economic policy-making branch, but quite high in militarized branches, such as national labor administration, that were charged with enforcing the regime's exclusionary program. In turn, this was just a recent manifestation (and low ebb) of a "tidal" process of Argentine state development tied to regime change that dated back to 1930, and which responded to "pendular" shifts in class relations and alliances.¹²⁹ More generally, this points to the fact that different forms of social group interest mediation and managed political access reflect the relationship of different social groups with different types of regimes.

With this in mind, it is generally argued that among other conditions, successful democratic concertation involving labor, capital, and the state requires that the branch of the state responsible for administering the national labor relations system be amenable to labor concerns and yet neutral in its procedural and substantive position with respect to both social actors. This implies an institutional morphology that is conducive to fluid interaction between labor, capital, and the state on legally-defined neutral grounds, and which is in marked contrast to the strained labor relations that characterized national labor administration under exclusionary systems such as

those employed by the displaced authoritarian regimes. In this sense, "only a state that recognizes syndical power and which is capable of 'distancing' itself from capital (i.e. the economic base that determines its social character) can generate institutional mechanisms that assure a valid and efficacious process of concertation. Without this indispensable distancing on the part of public authority, the gap that traditionally separates the labor movement from bourgeois states will prevent negotiations between labor and capital involving state mediation."¹³⁰ Hence, along with the ability to internally replicate (in institutional fashion) the positions of major social group interests, it is this ability of the democratic state to distance itself from capital that constitutes the functional criteria on which it is determined to have achieved a higher degree of autonomy than under other capitalist regime types.

Whatever our understanding of bourgeoisie democratic state autonomy, a critical point remains: the democratic capitalist state must generally serve as a neutral arbiter and guarantor of class compromise in order for democracy to be maintained, so it must develop at both levels a certain measure of autonomy relative to the particular interests of different socio-economic groups. Here Offe's notion of "state managers" becomes important, for it is procedurally neutral, sectorally impartial, and class-detached professionals within the democratic state that serve as the human referees of the compromise.¹³¹ In other words, rather than the representatives of one or the other class (although these also often tend to be incorporated into the institutional process), experienced public servants -- in the case of national labor administration most often specialists in labor legislation, conflict mediation, and procedural law -- use their expertise to promote a neutral institutional framework in which labor and capital can negotiate the specific

terms of the democratic class compromise. Hence, "(t)he strengthening of the state and of its autonomization implies and requires an apparent/real neutrality, efficient to the extent that public personnel think and act according to their own ideological and political categories -- categories that act as mediators -- and are convinced of their own neutrality."¹³²

The orientation of the democratic state is therefore apparent at the micro-organizational level. Not only is there a general trend towards increased autonomy and procedural neutrality on the part of state agencies; their very structure reflects the democratic orientation as well. For example, following Oszlak's observations about the general characteristics of democratic states, there has been a general compartmentalization and decentralization of functional tasks within "core" branches of the Argentine state -- such as national labor administration -- during the post-World War Two democratic interludes.¹³³ On the one hand, tasks connected with registration of collective bargaining agents and more specific negotiation/mediation duties are separated and functionally compartmentalized within their own sub-cabinet agencies (such as the Dirección Nacional de Relaciones Laborales and the Dirección Nacional de Asuntos Gremiales in the current Argentine Labor Ministry). In parallel, the state increases its responsibilities in other areas pertinent to labor concerns such as welfare legislation, social security, employee health standards and care, work schedules, retirement and pension plans, mandatory vacation leave, sick leave, etc. Similar arrangements have been promoted during periods of democratic rule in Uruguay and (to a lesser extent, for reasons explained in the chapter dedicated to it) Brazil. More generally, it suggests that different regime labor projects are organizationally manifested in the structure and function of national labor administration. Be it inclusionary or exclusionary state

corporatist, "vertical" or "atomizing," there appears to be a significant degree of elective affinity between the internal and external dimensions of national labor administration under different regimes.¹³⁴

What is important to consider is that, with the democratic state assuming a larger role in the non-wage areas (and with each area often having a cabinet or sub-cabinet agency expressly responsible for it), the collective agents of labor can first be formally recognized, then brought together with the collective representatives of capitalist interests in an institutional forum where they can strictly negotiate wage versus price, productivity, and/or (re)investment terms. Obviously, there is a variation on this theme. The central point remains that this structural framework is markedly different from the more centralized and/or narrowly defined structures evidenced by national labor administration under the military-bureaucratic authoritarian regimes that preceeded the democratic resurgence in the Southern Cone.¹³⁵

What should ultimately be apparent is the following. Regime change influences the structure of the state. This change is more likely to be significant and concretely evident in "core" internal areas of state activity such as national labor administration. This is particularly so in Argentina, Brazil, and Uruguay, where the position of organized labor makes it an important social group whose interests are a primary concern of the new democratic regimes that have emerged in them. Moreover, stable democratic regimes in capitalist societies require the establishment of structural bases of class compromise between labor and capital. To that end, the democratic state must provide the institutional framework in which to negotiate and maintain the terms of the compromise. This requires that the state achieve a significant degree of normative and operative autonomy that allows it to mediate and enforce the terms of the compromise in class-neutral fashion.

Hence, the role and organization of national labor administration is a central element in the processes of re-democratization experienced by these countries of the Southern Cone, and is equally critical for the eventual consolidation of the new democratic regimes in each of them.

One area that warrants separate attention is the impact of external systemic influences on these processes of redemocratization. In particular, the constraining parameters imposed in each case by the repayment conditions of large foreign debt burdens makes especially difficult the task of institutionalizing the structural bases of democratic class compromise. This is particularly true in cases such as these, where the legacy of zero-sum authoritarian solutions weighs heavily on the new democratic regimes. In that light, the role of lender-nation government policies in fostering or preventing a resolution to the debt crisis that allows for the institutionalization of democratic class compromise in the Southern Cone deserves close scrutiny. This is especially true for the policies of Latin America's biggest trade partner, creditor, and regional military and economic power. That is to say, even if the parties to the compromise do not cheat, and even if the newly democratic state serves as the neutral and autonomous arbiter/mediator of the terms of the compromise, the chances of successful redemocratization continue to hinge on the pressures applied by external, systemic forces (e.g. the prime rate of interest recommended by the U.S. Treasury).

Finally, it should be noted that the gap between theory and praxis is seldom fully bridged, and that regime objective often fall hard on the path towards implementation. For example, informal rules may weigh more than formal rules, personalities may outweigh bureaucratic structures and regulations, ad-hoc, short-term crisis management may replace consistent

long-term policy implementation, etc. In the developing world, complex organizations often tend to be an amalgam of traditional and modern practices, where charismatic and technocratic personalities, education and personal ties, impartiality and bias all have a role to play.¹³⁶ The issue to be underscored, however, is that the translation of labor policy into practice requires organizational capacity and as such is concretely manifested in the structure and functions of national labor administration. This institutional framework will therefore condition the range of choice presented by the new democratic regimes of the Southern Cone to the respective organized labor movements, which will ultimately determine whether the latter are incorporated or not in the democratic consolidation process now underway in each country.

In summary, the role of the state in promoting the structural bases of democratic class compromise in Argentina, Brazil and Uruguay offers the opportunity to view, from an institutional perspective, the processes by which new democratic regimes move to consolidate. Given the geographic proximity and historical legacies that bind them together, these three cases provide a remarkable window on regime change and societal transformation. It is to the institutional bases of such changes that our attention should turn.

FOOTNOTES

¹The literature on re-democratization in Latin American has grown exponentially over the last five years, and cannot be cited in full here. A good overview of the major points addressed by this body of work can be found in C. Acuna, and R. Barros, "Issues on Democracy and Democratization: North and South. A Rapporteur's Report," Kellogg Institute Working Paper N. 30 (October, 1984); G.A. O'Donnell, "Notas para el estudio de procesos de democratizacion politica a partir del estado burocratico-autoritario," Estudio CEDES , V. 2. N. 5 (1979); O'Donnell, P. Schmitter, and L. Whitehead eds., Transitions from Authoritarian Rule: Prospects for Democracy (Baltimore: Johns Hopkins University Press, 1986); A. Przeworski, "Some Problems in the Study of the Transition to Democracy," Working Paper of the Latin American Program, Woodrow Wilson Center for Scholars, N. 61 (Washington, D.C., 1980); K. Middlebrook, "Prospects for Democracy: Regime Transformation and Transitions from Authoritarian Rule," Working Paper N. 62 (1980); Middlebrook, "Notes on Transitions from Authoritarian Rule in Latin America and Latin Europe," Working Paper N. 82 (1981); R. Scholk, "Comparative Aspects of the Transitions from Authoritarian Rule," Working Paper N. 114 (1982); K. Remmer "Redemocratization and the Impact of Authoritarian Rule in Latin America," Comparative Politics, V. 17, N. 3 (April 1985), pp. 253-276; E. Viola and S. Mainwaring, "Transitions to Democracy: Brazil and Argentina in the 1980's," Journal of International Affairs, V. 38, N. 2 (Winter 1985), pp. 193-219; C. Gillespie, "Review Essay: From Authoritarian Crises to Democractic Transitions." Latin American Research Review (Forthcoming); and, for a study of the role of social movements in these processes, Viola and Mainwaring, "New Social Movements, Political Culture, and Democracy: Brazil and Argentina in the 1980's," Telos, N. 61 (Fall 1984). For a more

descriptive survey, see the special issue of Government and Opposition V. 19, N. 2 (Spring 1984), titled "From Authoritarian to Representative Government in Brazil and Argentina."

²Besides the now classic work by G.A. O'Donnell, Modernization and Bureaucratic Authoritarianism: Studies in South American Politics. Berkeley: Institute for International Studies, University of California, 1973, see his El Estado Burocratico-Autoritario. Buenos Aires, Editorial de Belgrano, 1982. Other good examinations of military-bureaucratic authoritarianism and its impact on the state are found in J. Malloy, ed., Authoritarianism and Corporatism in Latin America. Pittsburgh: Pittsburgh University Press, 1977, and D. Collier, ed., The New Authoritarianism in Latin America. Princeton: Princeton University Press, 1979.

³By structural bases of class compromise, I am referring to the economic and material benefits awarded the organized working classes in return for their acceptance of liberal bourgeois democratic rule (i.e. in exchange for these benefits, they agree to renounce class-based revolutionary struggle designed to fundamentally change the political and economic systems). These structural bases are most often worked out via collective bargaining, state mediation, and political agreements between organized labor, employer's associations, and the political authorities. The notion that the maintenance of democracy requires structural bases is derived from arguments offered in A. Przeworski and M. Wallerstein, "The Structure of Class Conflict in Democratic Capitalist Societies," American Political Science Review, V. 76, N. 2 (June 1982), pp. 215-238; Przeworski, "Class Compromise and the State: Western Europe and Latin America," Unpublished paper, Department of Political Science, University of Chicago, June, 1980 (a Spanish version of this essay can be found in N. Lechner, ed., Estado y Politica en America Latina (Mexico, D.F.:

Siglo XXI, 1981); and Przeworski, "Economic Conditions of Class Compromise," unpublished paper, Department of Political Science, University of Chicago, December 1979.

⁴It is not possible here to delve at length into the full range of implications inherent in notions of economic democracy. For a brief look into the applications such notions have for the workplace, see footnote 29. For a discussion of the differences between various democratic systems and how they apply to the transitions to democracy in Argentina and Brazil, see Mainwaring and Viola, "New Social Movements, Political Culture, and Democracy." On inclusionary versus exclusionary democracy as a regime type, see K. Remmer, "Exclusionary Democracy," Studies in Comparative International Development, V. 20, N. 4 (Winter 1985/86), pp. 64-85.

⁵See Robert Barros, "The Left and Democracy: Recent Debates in Latin America," TELOS N. 68 (Summer, 1986) p. 68.

⁶Jose Nun, " Democracia y Socialismo: Etapas o Niveles? in Fundacion Pablo Iglesias, Los Caminos de la Democracia en America Latina Madrid: Pablo Iglesias, 1984, p. 257ff cited ibid.

⁷On the notions of "horizontal" verses "vertical" dialogue, see O'Donnell "On the Fruitful Convergence of Hirschman's Exit, Voice and Loyalty and Shifting Involvements. Reflections from the Recent Argentine Experience," Kellogg Institute Working Paper, N. 58 (February, 1986).

⁸For a comparative view of top-down transitions to democracy, see D. Share and S. Mainwaring, "Transitions from Above: Democractization in Brazil and Portugal." Kellogg Institute Working Paper, N. 32 (December, 1984). The notion of democratic transition as a political bargain is taken from A. Przeworski, "Suggestions for an Empirical Agenda." Paper presented at the

Conference on Democratic Consolidation, Sao Paulo, December 25-27, 1985, pp. 5-6.

⁹On the general notion of political language as it pertains to social and inter-personal discourse, with particular reference to the Southern Cone, see O. Landi, "Sobre Lenguajes, Identidades y Ciudadanias Politicas," in Lechner, Estado y Politica en America Latina, pp. 172-198; and G.A. O'Donnell "y a mi, que me importa? Notas sobre sociabilidad y politica en Argentina y Brasil," Kellogg Institute Working Paper N. 9 (January, 1984).

¹⁰Less the reader note the contradiction (since I earlier characterize the latter processes of democratization as "bottom up"), the fact that the process of institutionalizing democracy occurs after procedural democracy is achieved makes the question more rather than less interesting. That is, it points to the fact that the timing of substantive democratic consolidation is not linearly related, either apriori or aposteriori, to the procedural advent of democracy (and may, in fact, only begin after the process of regularized institutional uncertainty has been in place for a considerable period of time).

¹¹On this point, see M.A. Garreton, "The Failure of Dictatorships in the Southern Cone," TELOS, N. 68 (Summer, 1986), p. 71-78.

¹²M. A. Kaplan, "Recent Trends of the Nation-State in Contemporary Latin America," International Political Science Review, V. 6, N. 2 (1985), p. 96.

¹³For a more detailed look at the impact of authoritarianism on subsequent processes of democratization, see K. Remmer, "Redemocratization and the Impact of Authoritarian Rule in Latin America," and G.A. O'Donnell, "Democracia em la Argentina: Micro y Macro," Kellogg Institute Working Paper, N.2 (December, 1983). It should be noted that one line of argument holds that, given the historically high levels of state tutelage of sectoral interests in Latin

America (especially the labor movement) -- often formalized via state corporatist arrangements that bureaucratically incorporated sectoral hierarchies into the state apparatus -- the degree of closure imposed by the recent military-bureaucratic regimes on the political systems of the Southern Cone has (somewhat paradoxically) encouraged the emergence of autonomous and more authentically representative currents within various excluded sectors, particularly organized labor. That is to say, the elimination of traditional institutional channels of sectoral representation, coupled with the high degrees of coercion used to enforce the authoritarian exclusionary programs, encouraged the formation (however surreptitiously at first) of more representative currents closely tied to the constituent bases of each sector. Led by "organic intellectuals" (in the Gramscian sense), these new currents are un beholden to traditional modes of interest group representation, in fact repudiate the pre-authoritarian as well as the authoritarian status quo, and thus are much more responsive to the desires of their constituencies. However, even where this has been the case, the impact of such groups is most evident only after the procedural transfer has taken place. This is due to the fact that the visibility and weight of traditional political actors as agents of mass mobilization force the new currents to join established vehicles in the initial phase of (re)democratization. Once having done that, and after the the procedural transfer of authority has been made, these new currents must either wage an internal battle to re-orient the perspective (and often the composition) of the established vehicles or break away and compete as separate agencies. The basic point is that all of this happens after the procedural transition to democracy has occurred, and as such constitutes part of the effort to overcome authoritarian legacies and consolidate the institutional bases of substantive democracy.

¹⁴A. Vina, "Democracia liberada en un pais bloqueado," Cuadernos del Claeh, N. 32 (1984/4), pp. 29-38.

¹⁵On notions of structural dependence, see C. Lindbloom, Politics and Markets. New York: Basic Books, 1977, pp. 173-175; C. Offe, "The Capitalist State and the Problem of Policy Formation," in L. Lindberg, et al., Stress and Contradiction in Contemporary Capitalism. Lexington, MA.: Lexington Books, 1975; A. Przeworski, Capitalism and Social Democracy. Cambridge: Cambridge University Press, 1985, esp. ch. 5; idem. "Marxism and Rational Choice," Politics and Society, V. 14, N. 4 (1985), esp. pp. 393-395; Przeworski and M. Wallerstein, "Popular Sovereignty, State Autonomy, and Private Property," Paper prepared for the conference on Policy Dilemmas in Front of the Crisis of State Regulatory Capacities in Europe and Latin America, Instituto de Investigaciones Europeo-Latinoamericanas, Buenos Aires, October 14-16, 1985; and Przeworski and Wallerstein, "Structural Dependence of the State on Capital," Unpublished mimeo, June 7, 1986.

¹⁶A. Gramsci, Selections from the Prison Notebooks. Ed. and Trans. by Quintin Hoare and Geoffrey Norwell Smith. New York: International Publishers, 1971, p. 61.

¹⁷Jungwoon Choi, "The English ten-hours act: Official knowledge and the collective interest of the ruling class," Politics and Society, V. 13, N. 4 (1984), pp. 456.

¹⁸Przeworski and Wallerstein, "The Structure of Class Conflict," p. 232.

¹⁹The notion of inducements and constraints used here is derived from that offered in R.B. Collier and D. Collier, "Inducements versus Constraints: Disaggregating 'Corporatism'," American Political Science Review, V. 73, N. 4, (December 1979), pp. 967-986. Some of the specific types of inducements offered to capitalists are drawn from Przeworski, "Class Compromise and the State," p. 24.

²⁰International Labour Organisation, Public Labor Administration and its role in economic and social development. (Eleventh Conference of American States Members of the International Labour Organisation, Report II, Medellin, Colombia, September-October, 1979). Geneva: International Labour Office, 1979, p. 46.

²¹M.B. Rosenberg and J.M. Malloy, "Indirect Participation versus Social Equity in the Evolution of Latin American Social Security Policy," in J. Booth and M. Seligson, eds., Political Participation in Latin America, Vol. 1: Citizen and State. New York: Holmes and Meier, Inc., 1978, p. 168. For an overview of social security programs in Latin America, see C. Mesa-Lago, Social Security in Latin America. Pittsburgh: University of Pittsburgh Press, 1978 (which includes discussions of Argentina and Uruguay). For Brazil, see J. M. Malloy, "Social Security Policy and the Working Class in Twentieth Century Brazil," Journal of Interamerican Studies and World Affairs, V. 19 (February, 1977), pp. 33-60; and Malloy, The Politics of Social Security in Brazil. Pittsburgh: University of Pittsburgh Press, 1979.

²²On the range of state activities in Latin America, see M. Kaplan, "Recent Trends of the Nation-State," p. 89.

²³According to Przeworski and Wallerstein, "The combination of democracy and capitalism constitutes a compromise. Those who do not own instruments of production consent to the institution of the private ownership of capital stock while those who own productive instruments consent to political institutions which permit other groups to effectively press their claims to the allocation of resources and the distribution of output." "Democratic Capitalism at the Crossroads," Democracy, V.2, N.3 (July, 1982), p. 54 (An earlier version of this essay titled "What is at Stake in the Current Controversies on Macroeconomics" is reprinted in Spanish under the title

"Capitalismo y democracia: una reflexion desde la macroeconomia," Critica y Utopia, N. 8 (November, 1982), pp. 77-103).

²⁴It should be clear that I am referring here to organized labor as a whole, that is, as a collective agent and social actor, and not to individual workers, whose individual strategies may well differ. For a discussion of worker strategies, see the sources cited in footnote 111.

²⁵A. Przeworski, "Material Interests, Class Compromise, and the Transition to Socialism," Politics and Society V. 10, N. 2 ((1980), p. 141. The discussion of labor calculations of the risks involved in adopting different strategies under capitalist democracy is derived from this source and his "Class Compromise and the State: Western Europe and Latin America." Any misinterpretations or errors, however, are my own.

²⁶B. Jessop, "Capitalism and Democracy: The Best Possible Political Shell? in G. Littlejohn, et. al, eds., Power and the State. London: Croom Helm, 1978.

²⁷Among many others, see L. Panitch, "Recent Theorizations of Corporatism: Reflections on a Growth Industry," British Journal of Sociology, V. 31 (1980), and the sources cited in footnote 106.

²⁸A. Przeworski, lecture presented at CEDES, Buenos Aires, November 11, 1986.

²⁹It should be emphasized that the focus here is centered at the macroeconomic level, and deliberately omits discussion of (the now extensive debate over) economic democracy in the workplace (e.g. employee participation in management, producer cooperatives, wage-earner investment funds, worker-management "co-determination," etc.). Nonetheless, it should be intuitively apparent that economic democratization of the workplace gives workers a larger stake in the productive process, and hence would strongly

support, at a microeconomic level, the establishment of the structural bases of democratic class compromise envisioned here. That is, cooperative management, etc., lends more readily to joint control over investment decisions at a macroeconomic level both within and across economic sectors. In fact, it has been suggested that workers involved in cooperative management schemes are more disposed towards wage restraint because of their more apparent self-interest in increased profitability, higher rates of investment expansion, productivity, and consequent long term material gains. Moreover, the cross-cutting solidarities and material interests generated by such arrangements work to increase mutual calculations of self-advantage and diminish the perceptions of risk of both sides when negotiating the precise terms of the compromise. In any case, our attention here is directed towards the role of particular branches of the state in providing an institutional framework that at a macroeconomic (and political) level is conducive to the establishment of the structural bases of democratic class compromise. For a succinct discussion of the concept of economic democracy (albeit sketchy in its presentation of neo-marxist views on the subject), see Drew Christie, "Recent Calls for Economic Democracy," Ethics, V.95, N.1 (October, 1984), pp. 112-118. For an intriguing view of how economic democratization of the workplace in advanced capitalist societies potentially creates the structural conditions for a transition to socialism, see P.G. Schervish and A. Herman, "On the Road: Conceptualizing Class Structure in the Transition to Socialism," Work and Occupations, V. 13, N. 2 (May, 1986), pp. 264-291.

30p.C. Schmitter nicely summarizes the political dimension of contingent consent as follows: ". . . political actors agree to compete in such a way that those who win greater electoral support will exercise their temporary superiority and incumbency in government in such a way as not to prevent their

opponents who may win greater support in the future from taking office, and those who lose in the present agree to respect the authority of the winners to make binding decisions on everyone, in exchange for being allowed to take office and make similar decisions in the future." "Organized Interests and Democratic Consolidation in Southern Europe (and Latin America)," draft research proposal, European University Institute, November, 1984, p. 10.

³¹For a discussion of this concept, see A. Przeworski, "Democracy as a Contingent Outcome of Conflicts," reprinted in Portuguese under the title "Ama a incerteza e seras Democratico," NOVOS ESTUDOS N. 9 (July 1984), pp. 36-46.

³²Przeworski, "Economic Conditions of Class Compromise", p. 20.

³³This outline of the general terms of democratic class compromise is drawn from Przeworski and Wallerstein, "The Structure of Class Conflict."

³⁴"Organized Interests and Democratic Consolidation in Southern Europe (and Latin America)," p. 10. It should be noted that there is a difficulty inherent in Schmitter's view. Having an institutional ability to diminish uncertainties of an economic type is one thing; having an institutional ability to diminish expectations is quite another, and, I would guess, is far more complex an issue.

³⁵Though it ultimately collapsed under the accumulated burdens of Peron's death, rampant sectoral cheating, his wife's inept successor government, and a rising tide of inter-sectoral violence, the Pacto Social initially constituted a sincere reformist attempt at promoting, in limited fashion, the structural bases of class compromise.

³⁶La Voz Argentina, V.7, N 70 (December 1985), p. 1.

³⁷C. Pareja, "Las Instancias de Concertacion. Sus presupuestos, sus modalidades, y su articulacion con las formas classicas de democracia representativa," Cuadernos del CLAEH, N. 32 (1984/4), PP. 39-41.

³⁸J.A. Silva Michelena and H.R. Sontag, El Proceso Electoral de 1978. Caracas: Editorial El Ateneo de Caracas, 1979, p.51; cited in C.I. Davis and K. L. Coleman, "Labor and the State: Union Incorporation and Working Class Politization in Latin America," Comparative Political Studies, V.18, N.4 (January 1986), p.401.

³⁹For the most thorough review of the recent process of democratic transition experienced by Uruguay, see C. Gillespie, et al., Uruguay y la Democracia (3 Vols.). Montevideo: Ediciones de la Banda Oriental, 1984-1985.

⁴⁰For a lengthy discussion of the factors involved in transitions from authoritarian regimes, see G. A. O'Donnell and P. C. Schmitter, Political Life after Authoritarian Rule: Tentative Conclusions about Uncertain Transitions (vol. 4 of Transitions from Authoritarian Rule: Prospects for Democracy. (cited in Footnote 1).

⁴¹The literature is too vast to cite here. For good reviews and summaries of the main themes, see Lehmbruch, "Concertation and the Structure of Corporatist Networks," and M. Regini, "The Conditions for Political Exchange: How Concertation Emerged and Collapsed in Italy and Great Britain," both in J. Goldthorpe, ed., Order and Conflict in Contemporary Capitalism. Oxford: Oxford University Press, 1985.

⁴²For a most recent approach, see P.C. Schmitter, "Organized Interests and Democratic Consolidation in Southern Europe (and Latin America)."

⁴³The most obvious difference being that while in advanced capitalist societies concertation serves as a mediation and stabilizing mechanism that ameliorates the effects of stop and go cycles associated with the internationalization of the economy, in dependent capitalist countries it is often confronted by situations of economic stagnation and severe fiscal crisis. This per force changes the orientation of concertation, and

complicates its mission. On concertation in the Southern Cone, see C. Pareja, "Las Instancias de Concertacion"; M. Grossi and M.R. Dos Santos, "La concertacion social; una perspectiva sobre instrumentos de regulacion economico-social en procesos de redemocratizacion," Critica y Utopia, N. 9 (1982), pp. 127-147; M. Cavarozzi, L. de Riz, and V. Feldman, "Concertacion, Estado, y Sindicatos en la Argentina Contemporanea," Buenos Aires: mimeo, 1986; Novos Estudos CEBRAP N. 13 (October 1985), pp. 2-44 (special section on social pacts and redemocratization, with emphasis on Brazil); P. Mieres, "Concertacion en Uruguay: Expectativas Elevadas y Consensos Escasos," Cuadernos del CLAEH, N. 36 (1985/4), pp. 29-44; N. Lechner, Pacto Social en los procesos de democratizacion. La experiencia Latinoamericana. Santiago: Flacso, 1985; A. Canitrot, "Sobre Concertacion y la politica economica. Reflexiones en relacion a la experiencia argentina de 1984." Buenos Aires: mimeo, 1985; and G. A. O'Donnell, "Pactos Politicos y pactos economico sociales. Por que si y por que no." Buenos Aires: mimeo, 1985.

44A. Flisfisch, "Reflexiones Algo oblicuas sobre el tema de la Concertacion," Desarrollo Economico, V. 26, N.61 (April-June, 1986), pp. 3-19.

45C. Offe, "Competitive Party Democracy and Keynesian Welfare State: Some Reflections upon its Historical Limits," Paper presented at the International Sociological Association Annual Congress, Rio de Janeiro, 1982; cited in Grossi and Dos Santos, "La Concertacion social," p. 130.

46On this concern, see P.C. Schmitter, "Democratic Theory and Neo-Corporatist Practice." Florence: EUI Working Paper N. 106, 1983.

47This schematic representation of types of concertative insertion in democratic political systems is taken from P. Mieres, "Concertacion en Uruguay," pp. 32-33.

⁴⁸G. Lehmbruch, "Liberal Corporatism and Party Government," in P.C. Schmitter and G. Lehmbruch, eds., Trends Towards Corporatist Intermediation. Beverly Hills: Sage Publications, 1979, p. 155.

⁴⁹G. Lehmbruch, "Concertation and the Structure of Corporatist Networks," p. 68. This essay also provides a good overview and discussion of the varieties of European concertation.

⁵⁰On the general notion of exchange, see P. Blau, Exchange and Power in Social Life. New York: Wiley and Sons, 1964.

⁵¹P. Mieres, "Concertacion en Uruguay," pp. 33-37.

⁵²*Ibid*, pp. 37-40

⁵³*Ibid*, p. 32.

⁵⁴Grossi and Dos Santos, "La Concertacion social," p. 130.

⁵⁵*Ibid*.

⁵⁶Flisfisch, "Reflexiones. . .", p. 16.

⁵⁷Grossi and Dos Santos, "La Concertacion Social", p. 136.

⁵⁸Using Venezuelan and Mexican labor as case studies, Davis and Coleman ("Labor and the State") argue that participation in inclusionary corporatist labor relations systems (they do not say whether of the state or societal variety) does not significantly alter worker attitudes towards the political regimes they are subject to. Avoiding discussion of the issue of individual strategies of choice based on materially-calculated grounds of self interest versus the binding properties of professed attitudes, they conclude that these systems provide no guarantees against a future labor revolt. That is to say, at some point they will no longer be able to fulfill their functional imperative (as defined by the authors) of controlling organized labor. This makes organized labor a "dormant volcano" in each of these countries. One could argue that control of organized labor is the functional imperative of exclusionary, rather than inclusionary corporatist labor relations systems.

Inclusionary corporatism is based on coopting, if not incorporating sectoral interests such as organized labor. The differences between the two systems are evident in the number of constraints imposed by the state on the activities of the labor movement, the penalties levied against those who violate these constraints, and their specific mixture with state-provided inducements for cooperation (and eventual incorporation). Exclusionary systems emphasize constraints and hence control. Inclusionary systems emphasize inducements that are designed to secure labor cooperation. The difference in functional imperative is organizationally manifested in the structure and functions of national labor administration. Moreover, while one can readily agree with their general conclusion and find their specific findings of interest, Davis and Coleman's focus appears to be misplaced. It is the institutional arrangements governing the interaction among "peak" sectoral associations that condition the range of choice made available to their respective affiliates, and hence are what ultimately determine individual worker's degree of loyalty to a given system. In fact, if the attitudes of workers in inclusionary systems are basically similar regardless of the formal status of their unions, the location of their industry, and the type of political regime that governs them, then it seems reasonable to believe that something else--possibly rationally calculated grounds of material self-interest--determine worker affiliation and their seemingly passive acceptance of the political and economic status quo. In any case, specific institutional arrangements underpin each of these regimes, and are what account for their differences as well as their relative degrees of stability. Left for another time is discussion of the implications inherent in the uniformly negative appraisal given by all workers in both countries to the political regimes in question. Despite the location of their industry,

the type of regimes governing them, and whether or not their unions are incorporated into inclusionary labor relations systems, it seems that workers in Mexico and Venezuela are, as a class, disaffected with the prevailing order, something that augers potential trouble for the current political elites.

⁵⁹A (national) political regime being the collection of social groups and political actors that gain control of the apex of the state, or what is commonly known as government. This includes (re) formulating the basic framework and rules of interaction governing the behavior of incumbents in policy-making positions, as well as the rules that govern modes of access to those positions.

⁶⁰Przeworski and Wallerstein, "The Structure of Class Conflict," p. 236.

⁶¹See Przeworski and Wallerstein, *ibid.*, pp. 235-236, and Przeworski, "Class Compromise and the State," pp. 23-26.

⁶²International Labour Organisation, Growth, Employment, and Basic Needs in Latin America and the Caribbean. (Eleventh Conference of American State Members of the International Labour Organisation, Report 1, Part 1: Report of the Director-General, Medellin, Colombia, September-October, 1979). Geneva: International Labour Office, 1979, p. 75.

⁶³Agustin Tosco, Interview published in Primera Plana, June 20, 1972.

⁶⁴The discussion of the logic of union organizing and strategies is based on a reading of the following: C. Crouch, Trade Unions: The Logic of Collective Action. London: Fontana Books, 1983; C. Offe and H. Wiesenhal "The Logics of Collective Action: Theoretical Notes on Social Class and Organizational Form," in Political Power and Social Theory, V. 1, ed. by M. Zeitlin. Greenwood, CT: JAI Press, 1980, pp. 69-117; M. Olson, The Logic of Collective Action. Cambridge, MA: Harvard University Press, 1965; and

A. Przeworski and M. Wallerstein, "Unionization as a Union Strategy," mimeo, March 1986.

⁶⁵W. Wiarda, The Corporative Origins of the Iberian and Latin American Labor Relations System. Amherst, MA: University of Massachusetts Labor Relations and Research Center, 1976.

⁶⁶A. Przeworski, "Material Bases of Consent: Economics and Politics in a Hegemonic System," unpublished mss, December, 1978, pp. 11-15 (a published version of this essay under the same title can be found in Political Power and Social Theory, V. 1 (1980), pp. 23-68.

⁶⁷*Ibid.*, p. 15.

⁶⁸The preceding discussion of labor strategies and Figure 1 are drawn from C. Crouch, Trade Unions, pp. 111-114.

⁶⁹It should be noted that labor's ability to bring the productive process to a halt is extremely contingent on a number of external variables, of which we can mention new technologies, labor force composition, and demographic change as just three examples. This necessarily complicates strategic calculations on part of union leadership.

⁷⁰Przeworski, "Material Bases of Consent," p. 12.

⁷¹See Crouch, Trade Unions for a discussion of these points.

⁷²Offe and Wiesenhal, "The Logics of Collective Action," pp. 85-86, 94-95.

⁷³H. H. T. de Souza Martins, O Estado e a Burocratizacao do Sindicato no Brasil. Sao Paulo: Editora Hucitec, 1979, p. 185.

⁷⁴*Ibid.*, p. 120.

⁷⁵P. C. Schmitter, "Organized Interests and Democratic Consolidation in Southern Europe (and Latin America)," p. 2.

⁷⁶For a more detailed description of "peak associations" (of an economic-functional kind), see *ibid.*, pp. 16-17.

⁷⁷A classic statement of the two logics is provided by C. Offe and H. Wiesensthal, "Two Logics of Collective Action: Theoretical Notes on Social Class and Organizational Form." Also see M. Wallerstein, "Unions and Firms as Rational Actors," in Working Class Solidarity and Rational Behavior. Ph.D. Dissertation, Department of Political Science, University of Chicago, 1985. It should be noted that Przeworski has argued that if both labor and capital rely on cost-benefits analysis in formulating their preferences and strategies, then no matter what their specific reasons for doing so or what precisely is being calculated, both logics are essentially the same; hence, there is only one logic of collective action once sectoral organization has occurred. His point is also well taken with regard to the initial question of organizing itself, which has generally been seen as stemming from very different logics tied to different material and non-material interests.

⁷⁸I.L.O., Public Labour Administration and its role in economic and social development, pp. 43-44.

⁷⁹Ibid., p. 43.

⁸⁰O Estado de Sao Paulo, June 15, 1986, p. 57.

⁸¹Crouch, Trade Unions, pp. 174-178.

⁸²Schmitter, "Organized Interests and Democratic Consolidation in Southern Europe (and Latin America)," p. 14.

⁸³L. Diamond, S.M. Lipset, and J. Linz, "Developing and Sustaining Democratic Government in the Third World," Paper presented at the American Political Science Association Annual Meeting, August 28-31, 1986, p. 78.

⁸⁴D. Levine, "On the Nature, Sources, and Future Prospects of Democracy in Venezuela." Paper presented at the Conference on Democracy in Developing Nations, Hoover Institution, Stanford University, December, 1985, pp. 38-39. Cited ibid.

⁸⁵Crouch, Trade Unions, pp. 199-200.

⁸⁶See, for example, the recent work by David Collier and Ruth Berins Collier, "The Initial Incorporation of the Labor Movement in Latin America: A Comparative Perspective," presented at the Western Political Science Association Annual Meetings, March, 1986, and Gregory M. Luebbert, "Origins of Modern Capitalists Politics and Labor Markets in Western Europe," presented at the Fifth International Conference of Europeanists of the Council of European Studies, October, 1985.

⁸⁷Collier and Collier, ibid., and the sources cited therein.

⁸⁸The notion of "historic memory" refers to the collective consciousness of particular social groups, particularly as it applies to interpretations of past events. In the case of organized labor, a central part of the historic memory revolves around the period of initial period of incorporation, since it is what brought labor into the political and economic arena in a way that had not been seen before, and in the cases studied here, represents a relatively privileged period (at least when compared with the more recent experiences) to which current unionists can hark back to.

⁸⁹J. Samuel Valenzuela, "Movimientos Obreros y Sistemas Politicos: Un Analisis Conceptual y Tipologico," Desarrollo Economico, V. 23, N. 91 (October-December, 1983), pp. 339-368.

⁹⁰Ibid., pp. 367-368.

⁹¹Ibid., pp. 339-341 and selections passim. For a conceptual overview of the roles labor plays in processes of democratic transition, see his "Labor Movements and Transitions to Democracies." Paper presented at the Latin American Studies Association Annual Meetings, Boston, October 23-25, 1986. Another study which undertakes a similar disaggregation of variables that influence the role and character of organized labor under the recent

authoritarian (and to a lesser extent the new democratic) regimes in the Southern Cone is offered by G. Falabella, "Un 'Nuevo Sindicalismo'? El Gran ABC Bajo Regimenes Militares." Santiago de Chile: Instituto de Sociologia, Universidad Catolica de Chile, Serie de Estudios Sociologicos, N. 54 (October 1986).

⁹²For an extended discussion of these issues, see J. McGuire, "Labor in Contemporary Latin America: An Agenda for Research -- A Rapporteur's Report," Kellogg Institute Working Paper N. 61 (February, 1986).

⁹³On this point, see N. Mouzelis, "On the Rise of Postwar Military Dictatorships: Argentina, Chile, Greece." Comparative Studies in Society and History, V. 28 (1986), pp. 68-72.

⁹⁴Ibid., p. 70.

⁹⁵See Przeworski and Wallenstein, "Structural Dependence of the State on Capital," and their "Popular Sovereignty, State Autonomy, and Private Property."

⁹⁶The narrow social bases of authoritarian capitalist regimes make them doubly structurally dependent on capital: economically, in the sense argued by the Marxist literature; and politically, in that the favored fractions of capital also constitute the nucleus of political support for the regime. This contrasts with the position of democratic capitalist regimes, which while supportive of the capitalist mode of production, by nature formally represent a broader array of propertied and non-propertied interests (if nothing else due to the universal nature of the franchise). The heterogeneous and often conflictive nature of these interests forces the state to promote negotiated agreements which trade off mutual concessions in exchange for the reproduction of generalized consent, and thereby make it dependent less on any one of these interests (including capital) than on the maintenance of that consent.

⁹⁷On the status of labor under the military regimes, see among others D.R. Decker, The Political, Economic, and Labor Climate in Argentina. Philadelphia, PA.: Industrial Research Unit, The Wharton School, University of Pennsylvania, Multinational Industrial Relations Series N.4, Latin American Studies (4F-Argentina), 1983, especially pp.75-107; F. Delich "Despues del Diluvio, La Clase Obrera," in A. Rouquie, ed., Argentina Hoy, Buenos Aires: Siglo XXI, 1982; B. Gallitelli and A. Thompson, eds., Sindicalismo y Regimenes Militares en Argentina Y Chile. Amsterdam: CEDLA, 1982; J.L. Schlagheck, The Political, Economic, and Labor Climate in Brazil. Philadelphia, PA.: Industrial Research Unit, The Wharton School, University of Pennsylvania, Multinational Industrial Relations Series N.4, Latin American Studies (4a-Brazil), 1977, especially pp.52-94; A. da Souza and B. Lamounier, "Governo e Sindicatos no Brasil: A Perspectiva dos Anos 80," Dados, V. 4, N. 2 (1980); K. P. Erickson, The Brazilian Corporative State and Working Class Politics. Berkeley: University of California Press, 1977; K.P. Erickson, Sindicalismo no Processo Politico no Brasil. Sao Paulo: Brasiliense, 1979; and H. Handelman, "Class Conflict and the Repression of The Uruguayan Working Class," paper presented at the conference on "Contemporary Trends in Latin American Politics," Albuquerque, University of New Mexico, 1977.

⁹⁸P.C. Schmitter, "Organized Interests and Democratic Consolidation in Southern Europe (and Latin America)," p. 13.

⁹⁹Crouch, Trade Unions, p. 217.

¹⁰⁰For an extended discussion of the effects of institutions on the framing of choice and strategic interaction between social groups, see three works by Jack Knight: "Institutions and Social Conflict," Ph.D. Dissertation -in-progress, University of Chicago; "The Institutional Effects of Democratic Electoral Systems on Political Party Competition," mimeo, August 1986; and

"Game Theory and the Study of of Institutions." Paper presented at the 1986 Annual Meetings of the American Political Science Association, August 28-31, 1986.

¹⁰¹Przeworski, "Material Bases of Consent," p. 14.

¹⁰²This discussion of relative power is drawn from J. Knight, "How Unobservable can 'Power' Be?" in S. Lukes, ed., Power. London: McMillan Press, forthcoming.

¹⁰³By way of brief definition, an institution is here considered to be the network of substantive rules, procedural mechanisms, and organizational frameworks that over time aggregate in regularized fashion self-defined collectivities around specific ideals and/or particular material and non-material objectives. Institutions can therefore be large or small, broad or narrow in scope, hierarchical or egalitarian in regards to organizational procedure, highly formalized and bureaucratic or relatively informal and unroutinized, charismatic or rational-technocratic in orientation, public, private or a mixture of both, self-regulating or externally enforcing, and can exhibit highly concrete features (such as the national state apparatus) or more amorphous traits (e.g. laws). Obviously, there are many variations on the theme and degrees of approximation to the ideal-type posed in each category. The point is that it is the assemblage of norms, ongoing organization, and regularized practice that constitute what are generically considered to be institutions.

¹⁰⁴V. Alba, Historia del Movimiento Obrero en America Latina, Mexico, D.F.: Libreria Mexicanos Unidos, 1964; R. Alexander, Labor Relations in Argentina, Brazil, and Chile, New York: McGraw-Hill, 1962; S.M. Davis and L.W. Goodman, eds., Workers and Managers in Latin America, Lexington, MA: D.C. Heath and Co., 1972; J. Godio, Sindicalismo y Politica en America Latir. Caracas:

ILDIS, 1983; H. Spalding, Organized Labor in Latin America: Historical Case Studies of Workers in Dependent Societies. N.Y.: Harper and Row, 1977; H. Wiarda, The Corporative Origins of the Iberian and Latin American Labor Relations Systems.

¹⁰⁵Besides the work of Wiarda cited ibid., other essays that attempt cross-national comparisons are R.B. Collier and D. Collier, "Inducements versus Constraints: Disaggregating 'Corporatism'"; Davis and Coleman, "Labor and the State"; F. Zapata, "Structural Bases of the Organization of the Latin American Labor Movement: Some Notes for Discussion," Montreal: Center for Developing Area Studies, McGill University, Working Paper N. 31 (August 1975); and C. Bergquist, Labor in Latin America: Comparative Essays on Chile, Argentina, Venezuela and Colombia. Palo Alto: Stanford University Press, 1986.

¹⁰⁶p. C. Schmitter and G. Lehmbruch, eds., Trends Towards Corporatist Intermediation, Lehmbruch and Schmitter, eds., Patterns of Corporatist Policy-Making, Beverly Hills: Sage Publications, 1982; A. Cawson, ed., Organized Interests and the State: Studies in Meso-Corporatism. Beverly Hills: Sage Publications, 1985, S. Berger, ed., Organizing Interests in Western Europe: Pluralism, Corporatism, and the Transformation of Politics, Cambridge: Cambridge University Press, 1981; and J. Goldthorpe, ed. Order and Conflict in Contemporary Capitalism.

¹⁰⁷See Przeworski and Wallerstein, "The Structure of Class Conflict," p. 232.

¹⁰⁸I.L.O., Public Labour Administration and its role in economic and social development, p. 43.

¹⁰⁹Among the measures I have in mind are legislation governing collective bargaining, mediation in labor disputes, welfare services for unionized

workers, dues deductions from wages, the right to strike, formal recognition of unions as bargaining agents in specific industries, etc. See Collier and Collier "Inducements versus Constraints," for a good description and categorization of these measures.

¹¹⁰I have used this analytical framework in previous work, including Regime Change and State Development in Postwar Argentina, Ph.D. Dissertation, University of Chicago, 1985, and "State Corporatism in Argentina: Labor Administration under Peron and Ongania," Latin American Research Review, V. 20 No. 1 (Spring, 1985). More recently, it has been expanded and elaborated on in "State Organization as a Political Indicator," Western Hemisphere Area Studies Technical Report N. 1 (56-87-003) Department of National Security Affairs, Naval Postgraduate School, December 1985.

¹¹¹For reasons of parsimony, and because others are so engaged, I shall not delve extensively into the organization of capitalist interests and their administration by the state in these countries. I do recognize that this leaves me with just one half of the equation, with the remainder (hopefully) being provided by the above-mentioned "others" (see for example P.C. Schmitter, "Organized Interests and Democratic Consolidation in Southern Europe (and Latin America)," in which he outlines a large collaborative project that will comparatively analyze the structuring of different socio-economic group interests in several countries). Moreover, I do not claim that, even with a monopoly of collective representation, organized labor thus enjoys an absolute monopoly over individual worker's range of choice. As Peter Lange summarizes, there can exist several situations in which the rank and file adopt economic strategies that differ from those of their leaders. This is even more the case for unorganized labor, where the urge to "free-ride" in order to secure short-term material gains is strongest. Even

so, as Lange points out, workers nonetheless have powerful rational motives, on material grounds, for accepting the wage regulation necessary for class compromise. See Peter Lange "Unions, Workers and Wage Regulation: The Rational Bases of Consent," in John H. Goldthrope, ed., Order and Conflict in Contemporary Capitalism, pp. 98-123. For a succinct discussion of the logic and dynamics of collective action in unions, firms, and business associations, see M. Wallerstein, "Unions and Firms as Rational Actors."

¹¹²P.G. Buchanan, "State Corporatism in Argentina."

¹¹³For a recent historical-political-sociological comparative enterprise that addresses this point (among many other things), see P. Evans, D. Rueschemeyer, and T. Skocpol, eds., Bringing the State Back In. Cambridge: Cambridge University Press, 1985.

¹¹⁴G.A. O'Donnell, "Apuntes para una teoria de Estado," Documento CEDES/G.E. CLASCO, N. 9 (1977); O'Donnell and O. Oszlak, "Estado y Politicas Estatales en America Latina: Hacia una estrategia de investigacion," Documento CEDES/G.E. CLASCO, N. 4 (1976); Oszlak, "Politicas Publicas y Regimenes Politicos: Reflexiones a partir de algunas experiencias Latinoamericanas," Estudios CEDES, V. 3, N. 2 (1980); Oszlak, "Notas Criticas para una Teoria de la Burocracia Estatal," Documento CEDES/G.E. CLASCO, N. 8 (1977); and Oszlak, "Formacion Historica del Estado en America Latina: Elementos Teorico-Methodologicos para su Estudio," Estudios CEDFS, V. 1, N. 3 (1978).

¹¹⁵The "core" functional areas of state activity that occupy central attention under virtually all modern political regimes are: providing national defense and internal security; conducting international diplomatic relations; exploiting national resources (both natural and human); providing basic public goods and services; formulating national economic policy; and

administering the interests of important social groups. It is recognized that there is considerable overlapping between areas, and that the emphasis given to each varies according to regime type. This is precisely why study of these areas under different regimes is important. More generally, these functional areas can be described as being those of economic and political management, social control and socialization, resource extraction, integrative, security, and distribution of benefits functions, and encompass both ideological (if not hegemonic) and coercive state apparatuses. A more lengthy discussion of this point is found in Regime Change and State Development in Postwar Argentina, Ch. 1.

116"State Organization as a Political Indicator."

117The term "colonization" comes from A. Rouquie, Interview published in Resumen de la Actualidad, N. 88 (March 23, 1983), p. 23.

118Oszlak, "Políticas Públicas y Regímenes Políticos," pp. 15-passim.

119Regime Change and State Development in Postwar Argentina, Chs. 3 and 4.

120Benjamin A. Most, "Authoritarianism and the Growth of the State in Latin America: An Assessment of Their Impacts on Argentine Public Policy, 1930-1970," Comparative Political Studies, V. 13, N. 2 (July 1980), pp. 173-203. I should note that this is in many respects exactly the opposite conclusion from that drawn by Most. In my view, his emphasis on constraints weighs unduly against the influence and structural impact of regime change on the Argentine state, and in many respects does not accord with empirical reality. To be fair to Most, his primary interest in the essay was focused elsewhere, and does not attempt to specifically analyze this point. On the relationship of regime type to public policy more generally, see O'Donnell and Oszlak, "Estado y Políticas Estatales en América Latina," and Oszlak, "Políticas Públicas y Regímenes Políticos."

¹²¹T.J. Bossert, "Can We Return to the Regime for Comparative Policy Analysis?" Comparative Politics, V. 15, N. 4 (July, 1983), pp. 419-441.

¹²²For an excellent review of the concept of state autonomy in the Marxist literature, see M. Carnoy, The State and Political Theory. Princeton: Princeton University Press, 1984, especially Ch. 5.

¹²³See, for example, T. Skocpol, "Bringing the State Back In: Strategies of Analysis in Current Research," in P. Evans, D. Reuschemeyer, and T. Skocpol, eds., Bringing the State Back In, pp. 3-37.

¹²⁴Ibid.

¹²⁵Oszlak, "Políticas Públicas y Regímenes Políticos," and P. G. Buchanan, Regime Change and State Development in Postwar Argentina.

¹²⁶Grossi and Dos Santos, "La concertación social," p. 137.

¹²⁷Kaplan, "Recent Trends of The Nation-State," p. 93.

¹²⁸G. A. O'Donnell, "Corporatism and the Question of the State," in J. Malloy, ed., Authoritarianism and Corporatism. Pittsburgh: Pittsburgh University Press, 1977. For a good discussion of state autonomy under the BA regimes in the Southern Cone, see A. Stepan, "State Power and the Strength of Civil Society in the Southern Cone of Latin America," in Bringing the State Back In., pp. 317-346.

¹²⁹For an analysis of this "tidal" process of state development, see Buchanan, Regime Change and State Development in Postwar Argentina (especially the conclusion). On the "pendular" shifts in Argentine society, see G. A. O'Donnell "Estado y Alianzas en la Argentina, 1956-1976," Estudios CEDES/C.E. CLASCO, N. 5 (October, 1976).

¹³⁰A. Fernandez, "Sindicalismo y Concertación Social: La coyuntura argentina actual," Buenos Aires: mimeo, n.d., p. 7.

¹³¹This is not to imply that I am unaware of the generally negative evaluations of such "incumbents of technocratic roles" (i.e. technocrats) who,

along with "specialists in coercion" (the military hierarchy), constituted the nucleus of political authority in the preceeding BA regimes. The point is that under democratic regimes the orientation and roles of these public servants must change significantly. See C. Offe, "The Capitalist State and the Problem of Policy Formation." The theme of "state managers" in capitalist democracies has been refined by F. Block. See his "The Ruling Class Does Not Rule," Socialist Revolution, V. 7, N. 3 (1977), pp. 6-28 and "Beyond Relative Autonomy: State Managers as Historical Subjects," in R. Miliband and J. Saville, eds., Socialist Register. London: Merlin Press, 1980.

¹³²Kaplan, "Recent Trends of the Nation State," p. 93.

¹³³See Buchanan, Regime Change and State Development, Chs. 3-4.

¹³⁴Buchanan, "State Corporatism in Argentina."

¹³⁵For specific evidence of this in the Argentine case, see Regime Change and State Development in Postwar Argentina, Ch. 3.

¹³⁶On this point see L.I. Rudolph and S.H. Rudolph, "Authority and Power in Bureaucratic and Patrimonial Administration: A Revisionist Interpretation of Weber on Bureaucracy," World Politics, V. 31, N. 2 (January, 1979), pp. 195-227.

INITIAL DISTRIBUTION LIST

	<u>No. Copies</u>
1. Library Naval Postgraduate School Monterey, CA 93943-5100	2
2. Director of Research (Code 012) Naval Postgraduate School Monterey, CA 93943-5100	1
3. Chairman, Department of National Security Affairs (Code 56) Naval Postgraduate School Monterey, CA 93943-5100	10
4. Professor Paul Buchanan Department of Political Science Social Sciences 315-5100 University of Arizona Tucson, AZ 85721	20
5. Professor Robert Looney Naval Postgraduate School Monterey, CA 93943-5100	10
5. Professor Tom Bruneau Naval Postgraduate School Monterey, CA 93943-5100	2
6. Professor Guillermo A. O'Donnell Helen Kellogg Institute for International Studies University of Notre Dame Notre Dame, IN 46556	6
7. Professor Robert Wesson Senior Research Fellow Hoover Institution Stanford, CA 94305-2223	2
8. Western Hemisphere Sub-Committee U.S. House of Representatives Washington, D. C. 20330	2
9. Latin American Program The Wilson Center Smithsonian Institution Building Washington, D. C. 20560	2
10. Hans Binnedijsk Center for the Study of Foreign Affairs Foreign Service Institute 1400 Key Blvd. Arlington, VA 22209	2

INITIAL DISTRIBUTION LIST

	<u>No. Copies</u>
11. Congressional Research Service CRS/FAND, Room LM-315 Library of Congress Washington, D. C. 20540	2
12. Georgette Magassy Barn Hispanic Division Library of Congress Washington, D. C. 20540	2
13. Center for Latin American Studies Sid Richardson Hall, Unit 1 University of Texas at Austin Austin, TX 78712	2
14. Center for Latin American Studies University of Pittsburgh Pittsburgh, PA 15260	2
15. Captain Ray R. Keiser, USN Western Hemisphere Plans & Policy Branch OP-613 PNT Room 4E519 Office of the Chief of Naval Operations Washington, D. C. 20350	1
16. Colonel H. Ladehoff, USA America-Asia Division DAMO-SSA PNT Room 3B516 Office of the Army Chief of Staff Washington, D. C. 20310	1
17. Colonel G. R. Davis Western Hemisphere Division AF/XOXXW PNT Room 3A 1064 Office of the Air Staff Washington, D. C. 20330	1
18. Colonel Ruffus Harris, USAF Western Hemisphere Division J-5 PNT Room 2D959 Joint Staff Washington, D. C. 20301	1
19. Brigadier General Clark M. Brintrall, USA Inter-American Region OSD/ISA/IA PNT Room 4C800 Office of the Secretary Defense Washington, D. C. 20301	1

- | | | |
|-----|---|---|
| 20. | Center for Naval Analyses
4401 Ford Ave.
Alexandria, VA 22302-0268 | 1 |
| 21. | Defense Technical Information Center
Cameron Station
Alexandria, VA 22314 | 2 |
| 22. | Chief of Naval Research
800 N. Quincy St.
Arlington, VA 22217-5000 | 1 |

END

DATE

FILMED

8-88

DTIC